DOCUMENT RESUME

ED 348 131 PS 017 762

TITLE State Plan for Child Day Care Virginia , 1988.
INSTITUTION Virginia State Dept. for Children, Richmond.; Virginia State Dept. of Social Services, Richmond.
PUB DATE 1 Jan 88
NOTE 114p.; For related document, see ED 266 865.
PUB TYPE Reports - Descriptive (141)

EDRS PRICE MF01/PC05 Plus Postage.
DESCRIPTORS *Administrative Organization; *Day Care; Early Childhood Education; *Educational Vouchers; *Financial Support; Government Role; *Grants; Pilot Projects; Policy Formation; Public Policy; State Government; State Programs; *Statewide Planning
IDENTIFIERS *Virginia

ABSTRACT

The 1988 state plan for child day care covered in this document focuses on recommendations for a state office for child day care, increased funding for the child care subsidy program, and a pilot voucher system. The plan is based primarily on outcomes of the 1987 Governor's Conference, Child Care: Everybody's Business. The goals of the 1988 plan include: (1) advocating for, and aiding in the development of, a coordinated child care delivery system as proposed by conference recommendations; and (2) developing a legislative agenda to accompany the 1987 Governor's Conference recommendations. Plans for the state office, increased funding, and the pilot voucher system are discussed in detail. An update on recommendations is also provided. Appended are: (1) recommendations of previous conferences, reports, and plans; (2) legal issues and a regional map of resource and referral programs; (3) the results of a needs assessment survey of employees; and (4) profiles of 16 child day care voucher systems in 13 states. Over 50 references are cited. (RH)

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State Plan for Child Day Care

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Developed by the Virginia Department For Children in cooperation with the Virginia Department of Social Services

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1988

STATE PLAN FOR CHILD DAY CARE

Developed by the Department for Children
in cooperation with the Department of Social Services
January 1, 1988

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The Department for Children and the Department of Social Services express their deep appreciation to Governor Gerald L. Baliles for his leadership in child day care issues. Through the 1987 Governor's Conference, Child Care: Everybody's Business and the Governor's Corporate Advisory Commission on Employers' Initiatives for Child Day Care, legislators, policy-makers, and employers have become more aware of the needs of Virginia's working families.

Special thanks to the Virginia Day Care Council for their advice; to Johnnie Humphrey and Beth Shapiro who assisted in the research for the Plan; to Carla Clayton for her endless patience through constant typing revisions; and to Linda B. Thomas, coordinator of the 1988 State Plan for Child Day Care.

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INTRODUCTION

The State Plan for Child Day Care in Virginia was mandated by the 1985 General Assembly (House Bill No. 1696). The Director of the Department for Children is charged to develop an annual State Plan on Child Day Care in cooperation with the Department of Social Services. The applicable Code section reads as follows:

> **Code of Virginia, Chapter 33 of Title 2.1, Section 2.1-553.2. Declaration of policy regarding day care services; state plan.**--It is the policy of the Commonwealth to promote the development of quality day care facilities which are safe, healthy, accessible and affordable to the many Virginia children who need and would benefit from such services.
>
> Pursuant to such policy, it shall be the responsibility of the Director of the Department for Children, in cooperation with the Department of Social Services, to develop a state plan which will outline a coordinated, efficient means of providing quality child day care facilities which are safe, healthy, accessible and affordable to Virginia children who need and would benefit from such services.
>
> The first plan shall be presented to the Secretary of Human Resources no later than January 1, 1986, and annually thereafter.

GOALS

The 1986 State Plan for Child Day Care emphasized affordability of child day care services and the organization of state agency resources to prepare a structure for a comprehensive child day care delivery system in Virginia.

The goal for the 1987 State Plan for Child Day Care was to promote the development of quality day care programs which are safe, healthy, accessible, and affordable to Virginia **school-age children** who need and would benefit from such services.

A secondary goal of the 1987 Plan was to provide an update of the recommendations and conclusions made in the 1986 Plan, reviewing the Commonwealth's progress in addressing day care issues. The major purposes of all the State Plans are to provide guidance, direction, and strategies for coordination at the state level; to educate interested citizens, legislators, and state agencies on the needs of child day care; to encourage cooperation and communication at all levels; and to address all major child day care issues.

The 1988 Plan will primarily focus on key recommendations issued by the participants of Child Care: Everybody's Business, 1987 Governor's Conference. This conference, held June 4 through 5, 1987, in Richmond by invitation of Governor Gerald L. Baliles, addressed issues regarding quality care, specialized care, child care as a business, state and local standards, the employer and child care, and accessibility. Participants from seventeen categories, including business leaders, employers, child care professionals and providers, child care advocates, health and regulatory personnel, state and local government officials, and parents, came together to issue joint recommendations for developing a coordinated system for child day care.

Due to time constraints and the comprehensive nature of the issues addressed by the conference participants, the 1988 Plan cannot focus on all the Governor's Conference recommendations. The Plan will emphasize actions which should be taken over the next two years toward the implementation of

recommendations from past plans and selected recommendations from the 1987 Governor's Conference on Child Day Care.

The goals of the 1988 Plan are:

1) To advocate for and aid in the development of a coordinated child care delivery system as proposed by conference recommendations; and

2) To develop a legislative agenda to accompany the 1987 Governor's Conference recommendations, additionally integrating previous State Plan recommendations.

To ensure thorough exploration of the remaining issues and recommendations, it will be necessary to engage in strategic planning for the next three years. The 1988 State Plan will focus on the recommendations for a State Office for Child Day Care, increased funding for the child care subsidy program, and a pilot voucher system. In future State Plans, the focuses will include: funding; licensing regulations and exemptions; a child care personnel compensation, benefits, and training study; model programs; and a one-stop office for employers interested in family-oriented benefits.

SECTION I

DAY CARE POLICY

The 1987 Governor's Conference, Child Care: Everybody's Business was the beginning of a new era of visible change in Virginia's child day care efforts. Conference participants prioritized six recommendations for presentation to the Governor. The first two, the development of a coordinated child day care system through establishment of a state office for child day care and increased funding for child day care subsidies, were considered equally important. The recommendation for increased funding also included a call for the examination of a voucher system to allow parental choice in subsidy use. A single licensing authority for all types of day care which would eliminate licensure exemptions was advocated. A study of child care provider salaries and training was encouraged, with emphasis on finding solutions for an impending crisis. Also supported was the development of model programs for specialized groups of children, including model employee policies and programs relating to child day care for state employees. In addition, a one-stop office for employers in the Department of Economic Development was proposed.

How did Virginia arrive at this point? Prior to the 1973 Governor's Conference on Child Care Needs, child care issues were not generally considered to be of vital concern for statewide or state-level problem solving. This conference began to focus the attention of policy-makers toward the need to develop a comprehensive, coordinated approach for a diverse system

of existing services. As enthusiasm developed, more action began to occur at the state level:

1. Revision of child care licensing standards (1976, 1986);
2. Establishment of the Division (Department) for Children to promote planning and coordination of all state services to children to develop their physical, mental and social capabilities to the fullest potential (1978);
3. Establishment of the Virginia Day Care Council to focus attention on the needs and concerns for quality day care in the Commonwealth (1982);
4. Establishment of a license application fee to provide funds for training of child care personnel and providers (1983); and
5. The publication of the mandated State Plan for Child Day Care (1986, 1987).

The 1987 Governor's Conference brought the Commonwealth to the very brink of comprehensive action. Governor Gerald L. Baliles' leadership places Virginia in the vanguard of efforts to formally coordinate child day care policies and activities as the Commonwealth moves forward with the implementation of conference recommendations.

This section will discuss past recommendations and provide an update on the activities and progress associated with:

- a coordinating office for child day care;
- increased funding for low-income families;
- salaries and training for child care providers;
- licensing regulations and laws; and
- model programs.

OFFICE FOR CHILD DAY CARE

The 1987 Governor's Conference on child day care recommended the establishment of a state-level office for child day care. It proposed that this office handle the development and implementation of funding programs,

provide technical support and resource services for day care providers, develop and implement training and outreach programs for providers, develop a parent-consumer information system, and develop community education programs concerning the role of early childhood education in our society.

An office for child day care has also been recommended by the 1973 Governor's Conference, 1984 Day Care Report (Department for Children), and the 1986 and 1987 State Plans for Child Day Care (Department for Children and Department of Social Services). These various reports recommended that this coordinating entity serve as the mechanism for the development of quality child day care services in the Commonwealth (see Appendix A for specific recommendations). This entity would coordinate the development and implementation of policy planning, data collection, expansion of services, establishment of funding mechanisms, technical support to child day care workers, technical support to local service delivery, and the administration of purchase of child day care services for low-income families.

Action on Office for Child Day Care

Since 1973 when the office was first proposed, limited action has been taken. In 1974, House Joint Resolution No. 70 directed a study of the need for a coordinating office for child day care. This study found that several youth-oriented service areas needed study and coordination. As a result, the Division for Children, now named the Department for Children, was authorized by statute in 1977 and established in 1978. The need for attention to children's services was so great that coordination of child day care services was eclipsed by an array of other emphases.

In 1985, House Joint Resolution No. 155 established a subcommittee to study child day care centers. Due to the enormity of the issues, the annual

State Plan for Child Day Care was mandated to bring the intricacies of establishing a coordinated system to the point of implementation. Significant plans have been developed; however, **no agency currently has the authority to implement the recommendations of the State Plans.** The 1987 Governor's Conference participants, keenly aware of this situation, recommended the establishment of an office for child day care in an effort to assure that funds already expended for planning will be wisely utilized. They further agreed that a state-level coordinating office will offer a more cost effective approach to ensuring the provision of high quality local child day care services than the current uncoordinated system does.

Technical assistance and resource and referral services are two of the activities which need to be coordinated by the proposed office for child day care. An update and discussion of these services follows.

Technical Assistance Services

Technical assistance, in the form of training and consultation, offers support to providers which will help the community maintain an adequate supply of day care services. No state office has an exclusive comprehensive focus to coordinate training and technical assistance services. The Department of Social Services provides training for licensees and approved providers. The Department for Children has assigned day care priority status in its program since 1983, but staff limitations and a broad mandate prevent the Department from assuming responsibility for providing comprehensive technical assistance services without the appropriation of additional resources. Outreach services are needed to expand training opportunities for unregulated providers.

Resource and Referral Services

A distinction must be made between information and referral (I&R) services and resource and referral (R&R) services. Information and referral services

utilize a database of information in preparing lists of services for clients. Resource and referral services provide the added dimension of offering guidance, counseling, and education regarding the types of resources which are available. The ultimate goal of resource and referral services is to match the client with an appropriate type of care depending on the needs and desires of the family. Resource and referral services also recruit providers and conduct training programs for them. This added dimension requires well-trained, experienced staff in child care who can offer technical assistance to providers. Assistance to consumers helps clients define their needs and preferences and provides a detailed listing of information which parents might utilize to make appropriate decisions regarding the types of care their children need.

Currently, a Human Service Information and Referral (I&R) System established by statute (Section 63.1-314 of the Code of Virginia) operates at the state level. This system lists all types of human resource providers, including mental health and social services, and limited day care information. The objectives of the system are to:

1. collect and maintain accurate and complete resource data on a statewide basis;
2. link citizens needing human services with appropriate community resources to satisfy those needs;
3. assist in planning for human services delivery at the local, regional, and state levels; and
4. provide information to assist decision-makers in allocating financial and other resources to respond to state and local human services priorities.

The statewide Human Services Information and Referral System is administered by the Department of Social Services. Operational functions of the System are implemented by six regional information and referral providers (see Appendix B for map of regions covered):

1. Northern Virginia Planning District Commission
2. Northwestern Information and Referral
3. Western Virginia Information and Referral
4. Information and Referral of Central Virginia
5. United Way of Greater Richmond Information and Referral
6. Information Center of Hampton Roads, The Planning Council

The 1987 Governor's Conference recommendation does not call for a duplication of the current I&R system as it exists, but rather it calls for a comprehensive local referral system network that serves a wide range of parents, child day care programs, providers, and services. A national study of resource and referral services found that specialized child care referral services received more calls than all other I&R services combined.[1]

Some localities have established model community-based resource and referral services. For example, the Fairfax County Office for Children has a model system for the delivery of resource and referral services to parents, providers, and employers. Each caller or visitor is provided with free child care counseling in addition to information regarding child care services. Another community-based service is offered by the Council of Governments (COG) which provides information and referral networking services across state lines within the metropolitan Washington area. In the Richmond area, United Way sponsors a resource and referral program which offers technical assistance to parents, employers, and providers. The Information Center of Hampton Roads, The Planning Council (Norfolk) has expanded its I&R responsibility to include child care R&R with detailed child care information and counseling services regarding the selection of quality care. The Council provides training to USDA participants and family day care system providers.

One advantage that local resource and referral services have over regionally-based information and referral services is that the local R&R's tend to list more types of care. The I&R's are primarily limited to lists of licensed or state-sponsored programs, whereas locally-based resource and referral services tend to also include church-run centers, hospital-sponsored centers, nursery schools, Head Start programs, family day care outside the licensing definition, shared care, and emergency care. Many of these local R&R's "help bring unlicensed homes into the licensed supply through assistance with the licensing process...."[2] In addition, resource and referral services are "more likely to maintain detailed information about hours of care, philosophy, availability, outdoor play space, bilingual capabilities, pets, sugar free diets, toilet training...scholarships and subsidies."[3]

While no I&R or R&R service makes recommendations regarding specific providers, most existing resource and referral services have a philosophy that emphasizes informed parental choice. Their guiding belief is that choosing child care is an important family function and that it is the role of the resource and referral system to support parents' responsibility in making the choice. Resource and referral services assist participants in overcoming barriers to utilization of information about services.

Informed decision-making is particularly important to families using state or local funding to subsidize their day care costs. The Commonwealth has a responsibility to assist parents in making appropriate, informed decisions regarding the expenditure of funds. It is in Virginia's best interests to support choices which direct families to programs and providers of high quality. Research findings indicate that once informed about quality, **parents** have a direct impact on the demand for quality in the search for child care.[4]

One other area of concern related to resource and referral services is the need for on-going follow-up and internal assessment. Parents need a supportive, caring program as they search for child care. Single parents, who often feel vulnerable and isolated, especially need such programs. A locally-based follow-up program assures the parent of the program's desire to see that his or her needs are met. It also provides the program with feedback as to the adequacy of the service.

Cost of resource and referral services is of significant concern. California officials use a figure of $75,000 as the basic cost of getting any local computerized resource and referral program into initial operation. Operating costs after start-up would vary according to the population of the area served. It would be wise to encourage a mix of public and private funding to ensure that growth of a resource and referral system will not be limited by what a single source can afford to pay.

The goals, services, and activities of a resource and referral system at the state level need to be clearly established to provide consistency for consumers of the service. (See Section II, Office for Child Day Care.)

INCREASED FUNDING FOR LOW-INCOME WORKING FAMILIES

The 1987 Governor's Conference participants voted to give equal priority to their first two recommendations. The state office for child day care and a recommendation for increased funding for day care services for low-income working parents were seen as the most important needs in the Commonwealth. In addition, an examination of a free shopping voucher system was encouraged. (See Section III, Voucher Systems.)

The significant decrease in federal funds for child day care since 1981 has resulted in a public outcry for increased state support for low-income families. Additional funding resources are required to address other child day care needs, such as the provision of provider support services (training, resource and referral), which may help low-income families indirectly.

Child Day Care Fee System Program

The 1986 State Plan for Child Day Care recommended that the General Assembly address the affordability of child care for low-income working parents. As a result, a Child Day Care Fee System Program was established by the 1986 General Assembly to provide state funds for subsidies for low-income working families. The General Assembly appropriated $3 million for the 1986-88 biennium to "support Virginia day care programs to be administered on a sliding scale basis." Under the Fee System, an eligible family must incur day care costs which are more than 10 percent of its gross income. An eligible participant's gross income is not to exceed 70 percent of the Commonwealth's median gross income (family of 4: $31,148).[5] Families are responsible for paying the balance of the charges when fees are partially subsidized. The Fee System is administered by the Department of Social Services through a 90/10 percent state/local match.

Due to a lack of designated administrative funds at the state and local levels, initial expenditures in fiscal year 1986 for the Child Day Care Fee System Program were minimal. As a result, the General Assembly removed $500,000 from the 1986-87 allocation. Localities with strong child day care leadership were able to take the lead in requesting funds and in implementing the Fee System Program to serve low-income working families. To stimulate involvement in areas not being served, the Department of Social Services

issued, in August, 1987, 6,000 copies of a brochure, "Open the Door to Day Care," which explained the Fee System to 92 agencies and organizations. Expenditures for the Child Day Care Fee System Program began to accelerate. At the end of fiscal year 1986-87, a total of $1,205,793.10 (state and local match funds) had been expended as outlined below:

Chart 1

Monthly Expenditures
Child Day Care Fee System Program

Month	1986-87 Expenditures	1987-88 Expenditures
July	-0-	$ 276,936.50
August	$ 1,502.94	302,256.32
September	7,372.80	286,350.50
October	9,031.12	181,902.10*
November	21,831.01	143,976.87*
December	44,858.39	121,505.97*
January	112,374.73	
February	105,358.10	
March	210,552.93	
April	202,223.80	
May	254,210.10	
June	236,477.18	
Totals	$1,205,793.10	$1,312,928.26

***The decline in the second quarter of FY 1987-88 was due to lack of funding. Monthly figures are expected to increase with the Governor's $1 million appropriation (January 1988).**

During the 1986-87 fiscal year, sixty local departments of social services applied for, and received, allocations of Fee System day care funds from the Department of Social Services. However, only 47 agencies with allocations actually made expenditures that year. Thirteen agencies returned unused funds to be reallocated to requesting agencies. Chart 2, on page 19, reflects 1986-87 and 1987-88 state and local expenditures (through December, 1987).

Chart 2

Expenditures by Local Agency
Child Day Care Fee System

Agency	1986-87 Expenditures	July - December 1987 Expenditures
Accomack	$ 10,136.31	$ 14,385.48
Albemarle	4,578.15	17,379.02
Amelia		594.00
Arlington	402,304.36	330,233.00
Botetourt		1,569.33
Brunswick	3,312.23	2,508.40
Campbell	13.38	1,257.38
Charles City		392.00
Charlotte		215.46
Chesterfield	2,542.50	7,509.65
Culpeper	4,377.00	3,435.30
Fairfax	24,232.78	50,894.92
Fluvanna	1,704.30	2,393.30
Franklin	9,565.14	6,407.30
Grayson		523.13
Halifax	2,499.80	1,864.60
Hanover		1,335.00
Henrico	30,763.25	34,753.40
Henry	1,596.00	2,911.55
James City	17,087.61	25,319.00
King & Queen	1,246.00	400.00
Lee		2,144.00
Loudoun	92,370.27	97,800.54
Montgomery		1,499.01
Nelson		189.00
New Kent	209.00	70.00
Orange		1,723.65
Page	2,269.00	1,645.00
Patrick	880.50	224.00
Pittsylvania		894.33
Prince George	1,350.61	2,399.01
Prince William	56,337.96	93,361.00
Pulaski		524.00
Rappahannock	1,100.00	1,325.00
Roanoke County	19,484.13	12,190.09
Rockingham		45.00
Russell		465.35
Smyth	8,277.13	7,802.13
Spotsylvania	2,331.29	11,352.56
Stafford	7,902.70	2,779.25
Surry	280.00	
Tazewell	5,646.08	6,325.12
Washington	4,867.73	5,795.44
Westmoreland		1,051.00
Wise		430.00
Wythe	1,896.90	6,512.10
York	1,422.00	1,471.72
Alexandria	168,407.00	140,377.00
Bristol	781.01	1,550.35
Charlottesville	34,990.34	23,293.64
Danville		996.15
Fredericksburg	220.44	2,408.40
Hampton	35,166.57	26,621.25
Lynchburg	304.80	
Manassas	6,727.99	5,778.53
Martinsville		662.00
Newport News	22,477.50	38,064.85
Norfolk	27,878.99	83,061.00
Norton		719.00
Petersburg		6,794.25
Radford		30.40
Richmond City	15,906.15	69,368.19
Roanoke City	26,057.09	42,638.79
Staunton/Augusta	15,701.62	14,693.55
Virginia Beach	118,194.78	75,104.10
Waynesboro	4,926.00	5,355.29
Winchester	3,666.00	5,608.10
Totals	$ 1,205,793.10	$ 1,312,928.26

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As the expenditures for 1986-87 indicate, approximately 62 percent of the Child Day Care Fee System Program funds were spent in Northern Virginia where there are local child day care infrastructures in place to administer child care services. Nearly 75 percent of the funds were spent in urban metropolitan areas around the Commonwealth. Minimal expenditures in the first two quarters did not adequately reflect the overwhelming demand for child care subsidies that was realized once administrative and marketing barriers were eliminated in the third and fourth quarters. By June 30, 1987, 6,754 children from 4,847 families had been served with these supplemental funds.

Eighty-six agencies applied for, and received, funds in fiscal year 87-88. The $1.5 million available for the Fee System Program for FY 1987-88 was insufficient for these agencies. A funding crisis in the Fee System Program occurred as of August 31, 1987, due to inadequate funds to maintain the current cases (i.e., children) receiving services. A few localities began to terminate subsidies after the first quarter (October, 1987). Some agencies had encumbered all of their 1987-88 allocations and were placing potential clients on waiting lists pending the receipt of additional funding. Other agencies altered their eligibility criteria for this program to limit applicants and conserve funds. Still other agencies closed cases. In the months of August and October, 1987, in an effort to maintain requested levels of funding, the Department of Social Services shifted $93,376 of the Fee System funds from localities which were not utilizing their allocations. As localities began to consider closing cases, Governor Baliles transferred $374,989 in state funds to meet the child care demand. This action prevented disruption of child care services for some families already being served.

In spite of these funding shifts, the demand for program funding continued to increase in October and November, 1987. On January 13, 1988, the Governor again intervened and authorized an additional $1 million to the program to cover unavailable funds already obligated and to enable the program to continue to the end of the 1987-88 fiscal year. Additionally, the Governor requested an appropriation of $10 million for the program for the 1988-90 biennium which, combined with the $3 million Department of Social Services request for the program, would bring the total appropriation to $13 million.

How the Department of Social Services Negotiates Day Care Rates

There are three child care funding programs at the state level for which day care rates must be set. The Social Services Block Grant (Title XX) and the Employment Services Program (ESP) are primarily federally funded programs. The Child Day Care Fee System Program is funded by the Commonwealth. The Department of Social Services can purchase care from three types of providers if they are licensed or certified as meeting the appropriate minimum standards: 1) in-home providers giving care in the child's own home; 2) family day care providers caring for unrelated children in providers' own homes; and 3) licensed child care centers providing group care to children away from their homes.

In the Social Services Block Grant (Title XX) program, rates of pay for child day care centers used by local departments are set by regional office "purchase of service specialists." There is no difference in the way the Department sets rates for private for-profit, not-for-profit, and public centers. Most regional offices set rates by determining the "community-based rate" that is used in advertising the service. As long as a center does not charge anyone else in the community less than this rate, it is usually the

rate accepted for the Department of Social Services purchase of service (Title XX) system. Each provider's source of income is determined, and all income is examined. If a center receives grant funding or other supplementary income, this is factored into the rate of pay, and the rate set for Title XX would probably be lower than the center's advertised rate.

It is the responsibility of local departments of social services and their boards to set rates of pay used for locally-approved providers of service, such as family day care and in-home providers. The state Department of Social Services encourages localities to set rates based upon the prevailing rates in communities. When Fee System Program funds became available, many localities chose to reimburse at established Title XX rates due to the lack of administrative funds which might have been used to develop more realistic reimbursement rates.

Some localities with limited funding have not raised their Title XX rates to providers for many years. In those cases, reimbursement rates have been capped below prevailing market rates to meet the high demand for child care. (For example, the prevailing market rate in Richmond is $10.00 per day while the reimbursement rate is $5.00 per day.) One locality pays as little as $2.00 per nine-hour day for child care. When reimbursement rates are capped, recruitment and retention of quality providers often become serious problems. In localities with low caps, most for-profit day care providers cannot afford to participate in the Fee System Program, even though eligible.

Making limited dollars available to all eligible clients has meant a reduction in the number and the quality of day care providers in those localities where reimbursement rates do not meet prevailing rates. This means that children may be placed in poor quality programs which have cut costs

drastically to accept the reimbursement rates. Current research indicates that children who receive high quality day care services experience lower rates of such problems as teen pregnancy, suicide, truancy, school drop-out, and juvenile delinquency than the rates for children who do not.[6]

Chart 3 shows the type of care, average number of children served monthly by type of care, and the funds expended by type of care for fiscal year 1986-87. Additionally, the average monthly expenditure per child has been calculated. Chart 4 identifies the approved Title XX centers by public, non-profit, and profit types.

Chart 3

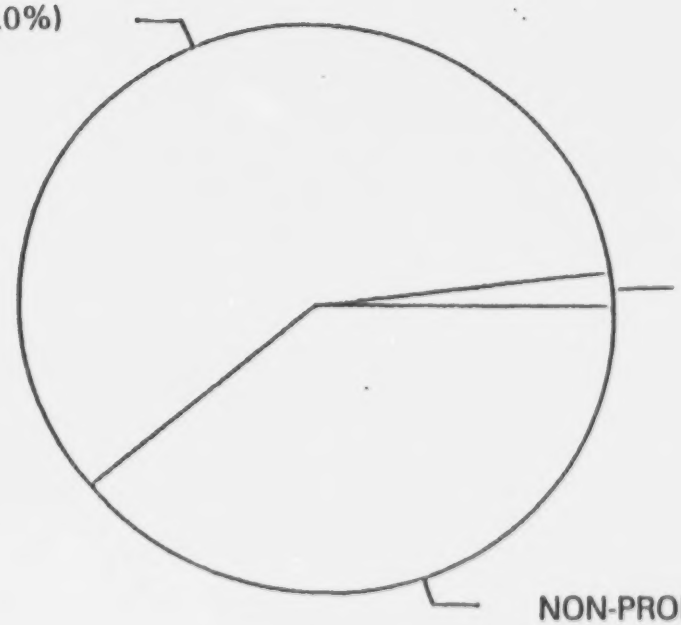
All Child Day Care Services Expenditures by Type of Care* 1986-87

Type of Care	Average Monthly Number Served	Annual Expenditures	Average Per Month Per Child Expenditure
In-Home	285	$ 338,244.00	$ 98.90
Family	1,560	2,269,704.79	121.24
Center Based	1,581	3,136,617.91	165.33
Totals	3,426	$ 5,744,449.70	$ 139.73

*Includes all federal, state, and local matching funding sources, except "local-only" funds.

Chart 4

TITLE XX CHILD CARE CENTERS
BY TYPE OF CENTER



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TOTAL: 422

Local Funding Efforts

Locally, some communities and private organizations provide additional subsidized day care allotments. Localities' estimated planned local expenditures are outlined in Chart 5.

Chart 5

Projected
1987-88
Local-Only Funds

Locality	Local Funds	Number Served	Average Per Child Allotment
Alexandria	$ 31,000	150	$ 206.67
Arlington	688,333	492	1,399.05
Fairfax	615,456	426	1,444.73
Franklin	1,000	5	200.00
Hampton	20,000	50	400.00
Hanover	500	1	500.00
James City (County)	30,340	20	1,517.00
Loudoun	16,068	10	1,606.80
Manassas	7,887	10	788.70
Manassas Park	1,800	8	225.00
Virginia Beach	250,000	111	2,252.51
York	2,549	4	637.25
Totals	$1,664,933	1287	$ 931.51

In addition to indicating the amount of "local-only" funds and the number of children served, an average per child allotment has been calculated by divid- ing the amount of local funds by the number of children to be served. Using the average per child allotment, a figure was calculated to indicate the average number of months and days a child could receive day care at a market rate of $250 per month.

United Way and other charitable organizations frequently offer child day care subsidies in localities. Scholarships and reduced rates are also often available through non-profit and for-profit center providers.

One type of assistance that is becoming more popular is employer-sponsored child care subsidies offered through flexible benefit packages. Currently, the trend is for these benefits to be primarily granted to full-time personnel who have earned such benefits. However, some employers may provide vouchers only to employees whose family incomes are less than $25,000 per year.

Policy developers anticipate that the Governor's proposed $10 million funding increase will further avert funding crises. The Governor has noted that it is imperative that the Commonwealth assist in coordinating policies and resources to encourage continued support for affordable quality child care through a partnership of public and private efforts.

TRAINING AND SALARIES

At the 1987 Governor's Conference on Child Day Care, participants stressed the relationship between high quality child care and training. Child care centers are experiencing an annual average staff turnover rate of 42 percent.

Recognizing that current child care professional salaries do not reflect adequate compensation for the educational and training levels needed to ensure quality, the participants recommended the development and implementation of a study investigating child care worker salaries and training in Virginia with an emphasis on solutions for the early childhood profession.

The 1973 Governor's Conference on Child Care Needs recommended a study of the quantity and quality of pre-service and in-service educational opportunities for child care personnel. The study report for House Joint Resolution No. 70 (1975) included recognition of the need for better training opportunities but made no official recommendations regarding training.

Action on Training and Salaries

Several programs in the Commonwealth offer courses, training materials, or resources for family day care providers and for child care center staff. Licensed center and family system providers are required to participate in training each year.

Licensure application fees collected by the Department of Social Services (DSS) have been used since 1984, to the extent possible, to sponsor child care training in Virginia. The goal of the DSS training program is to reduce risks for a vulnerable population by increasing provider knowledge and skill in caring for children. In 1986, $46,370 was collected in licensure application fees. In 1987, fees totaled $45,280 for licensed child welfare programs including day care centers and providers, residential programs for children, and child-placing agencies. These funds are used to sponsor a variety of training opportunities.

Provider training materials have been developed and regional Media Resource Centers, funded by licensing fees, are a part of this training pro-

gram, although primary funding for the Media Resource Centers has come from Title XX grants. One purpose of the Resource Centers is to encourage and assist providers in conducting their own in-service training. There are Media Resource Centers currently operating at two community colleges in the Commonwealth -- John Tyler Community College and Virginia Western Community College.

Probably the most accessible private on-going training effort is the annual Virginia Association for Early Childhood Education Conference. Approximately 1400 participants attended the 1987 Conference. One hundred eleven workshops were conducted covering a wide variety of topics including language development, the importance of play, music, computers for administrators, computers for children, child care advocacy in Virginia, and disciplining young children. Each year the conference is held in a different region of the Commonwealth. (The 1988 VAECE Conference was held March 3-5 in Roanoke, Virginia.) Reasonable conference fees help contribute to the number of child care workers who can participate in the workshops.

On the national level, the National Association for the Education of Young Children (NAEYC) is now sponsoring and reorganizing the Child Development Associate (CDA) Credentialing Program. The CDA program offers a competency-based approach. Caregivers receive recognition for child care work experience and training. Several community colleges in Virginia offer coursework which is designed to help the CDA candidate prepare for presenting his or her accomplishments in competency areas. The federal government is now offering scholarships to income-eligible participants in the CDA program. These funds are administered in Virginia by the Division of Licensing Programs' training program of the Department of Social Services.

A major problem related to training is a direct result of low salaries. Highly qualified professionals, especially those in one-income families, may not be drawn to the early childhood field. In addition, low salaries and lack of benefits are major causes of the high turnover rate among child care workers.

A few studies on salaries and benefits have been conducted regionally and at the national level;[8A,B,C] however, no similar statewide research or legislative studies have been conducted in Virginia. There are several barriers to such a study:

1. There is no statewide database of information available regarding child care in Virginia.

2. Access to data from unregulated child care is limited. (This includes care for over 9,000 children in religiously-exempt centers, over 1,000 children in hospital-sponsored exempt centers, and unknown numbers of children in licensure-exempt family day care homes and half-day preschool programs.)

3. Nationally standardized nomenclature[9, 10] for early childhood personnel is not utilized in Virginia. Use of common nomenclature would establish clear definitions of the responsibilities and qualifications required to fulfill each role, thereby establishing the criteria for adequate compensation.

A Northern Virginia survey of child care center personnel has been completed by members of the Northern Virginia Association for the Education of Young Children (1984). (See Chart 6. The Commonwealth has acknowledged that Northern Virginia has a higher cost of living and has established higher rate differentials for state employees working in this area. The figures in the chart are estimated to be generally higher than those for the rest of the Commonwealth.)

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Chart 6

Northern Virginia AEYC
Salary Survey
Year Round, Full Time Position

Position	Salary Per Hour	Salary Per Year	Average Unpaid Hours Worked Per Week	Yearly Value of Unpaid Work
Assistant Teacher	$ 3.35	$ 6,968.00	2.8	$ 469.00
Teacher	4.71	9,796.80	2.6	612.30
Head Teacher	6.90	14,352.00	4.6	1,587.00
Assistant Director	7.06	14,689.80	8.3	2,929.90
Agency Director	8.85	18,408.00	8.0	3,540.00

According to the same survey, the percentage of respondents receiving the top ten benefits given to child care center workers included:

Chart 7

Northern Virginia AEYC
Salary Survey

	Benefit	% Receiving
1.	Social Security Withheld	88.9
2.	Worker's Compensation Insurance	60.3
3.	Unemployment Insurance	58.7
4.	Paid Sick Days, 1 per Month	58.7
5.	Paid Holidays, 4-9 per Year	44.4
6.	Paid Personal Days	44.4
7.	Paid Vacation	39.7
8.	Reduced Child Care Fees	30.0 (1985 update)
9.	Paid Sick Leave, Less Than 1 Day per Month	30.0
10.	Paid Holidays, 10 or More	27.0

In a 1985 update of the survey, 75 percent of the respondents indicated that their salaries represented one-fourth or less of the family income. Twenty percent reported their salary as 100 percent of the family income. Child care staff and providers are currently subsidizing the child care system through low wages and unpaid hours of work.

LICENSURE OF CHILD DAY CARE

The 1987 Governor's Conference strongly recommended that all exemptions from licensure be eliminated and that a single licensing agency be responsible for all child care providers and programs. A number of child care services are currently exempt from licensure in Virginia:

1. Church-sponsored centers which received exemption status prior to the 1987 court decision (Forest Hills Learning Center, et al. v. Lukhard, et al., U.S. District Court of Appeals) which struck down the religious exemption. (These centers have been allowed to retain their exemptions pending the outcome of appeals of the decision.)
2. Part-time nursery schools.
3. Summer day camps.
4. Hospital-sponsored centers operating on-site for hospital employees only.
5. Family day care homes with fewer than six unrelated children (or up to 10 unrelated children if 5 children are school-age and attend no more than three hours before school and three hours after school).
6. Government-sponsored child care programs.

Frustration has been growing among for-profit **and** non-profit programs over the inequities in the licensing system. Child care professionals and advocates agree that current licensing laws are unfair and, as a result, demands for uniformity in regulation of **all** types of child day care for the ultimate protection of children have increased.

Child care center regulations were revised in 1976 and 1986. While many improvements were made, some "quality" standards were lowered in 1986, especially several related to adult/child ratios. (Research on quality standards: Berk, 1985; Berueta-Clement, Barnett, Schweinhart, Epstein, and Weikert, 1984; Bruner, 1980; Clarke-Stewart and Gruber, 1984; Francis and

Self, 1982; Howes, 1983; Howes and Olenick, 1986; Howes and Rubenstein, 1985; Karnes, Schwedel, and Williams, 1983; McCartney, Scarr, Phillips, and Grajek, 1985; Roupp, Travers, Glantz, and Coelen, National Day Care Study, 1979; Schweinhart and Weikart, 1980, 1983; Smith and Connolloy, 1981. All point to high adult/child ratios and trained providers as indicators of quality.) Standards are expected to be revised again by the recently-established Child Day-Care Council (regulatory), which is mandated to promulgate standards by July 1, 1988.

Dr. Barbara Willer of the National Association for the Education of Young Children, speaking at the 1987 Governor's Conference, stressed that state licensing regulations should responsibly safeguard the quality of experience for all children in care. Standards should reflect the knowledge base available through research. If the state does not protect children in all types of care, then the entire licensing effort is weakened. Inequitable laws limit the state's effectiveness in establishing standards. When the Commonwealth does not regulate all types of care for children, then **we are not ensuring the safety of all children in care.**

The number of children permitted in unlicensed family day care in Virginia is among the highest in the nation. Of the 48 states which regulate family day care homes, Virginia ranks among the bottom four in terms of the numerical level (6 children under age 5) at which regulation is required. During the school year, an unlicensed family day care provider may legally care for all of her relatives' children, her own children and step-children, five children under the age of 5, and five children of school age, all without the benefit of fire, health, or social services inspections.

Licensed family day care homes average 8.3 children per caregiver with a maximum of four infants. Safety regulations for day care centers also limit the number of infants per caregiver to four. However, centers are required to have a minimum of two staff on duty even if only one child is present. These findings point to the fact that child care standards are inequitable across the board.

Another important issue of licensing which Dr. Willer cited at the Governor's Conference is the need for effective regulation, implementation, and enforcement. An effective licensing effort includes regular on-going training and adequate budgets to provide appropriate numbers of well-trained licensing staff.

Policy-makers have acknowledged the need for focused attention on licensing issues. Senate Joint Resolution No. 41 (Y.B. Miller) and House Joint Resolution No. 116 (M. Marshall), which require a Joint Legislative Audit and Review Commission study of child care licensing issues, were approved by the 1988 General Assembly session. As problems relating to exemptions proliferate, it is clear that Virginia must have an equitable licensing system which will ensure the safety of all children cared for outside their homes.

MODEL PROGRAMS

An exemplary state initiative in providing model programs was urged at the 1987 Governor's Conference. The Conference participants envisioned that specific groups of children would benefit from their recommendation which called for programs to serve infants and toddlers, disabled, mildly ill, and school-age children. Intergenerational programs and the development of child care policies for the Commonwealth's employees were also proposed.

A needs assessment of state employees was conducted in July, 1987, by the Department for Children concerning the feasibility of a model child care program in the Capitol Square area. Over 400 surveys were returned. An analysis of survey results revealed that there were 143 infant/toddlers, 130 preschoolers, and 127 school-age children who would be needing child care within the next 18 months. Forty percent of the respondents were interested in a program for mildly ill children. Ninety-five percent believe that state government should offer care as an optional benefit for employees. The Department of Transportation has authorized renovation of office space for a model day care center in downtown Richmond which will serve 40 children of state employees.

A standard for model programs has been developed through an accreditation program sponsored by the National Association for the Education of Young Children. Virginia ranks seventh in the nation in the number of nationally accredited early childhood programs. Twenty-three programs have been accredited by the National Academy of Early Childhood Programs (as of December 1, 1987):

	Program	Location
1.	ACCA Day Care Centers - ACCA 1	Annandale
2.	Accotink Academy Preschool	Springfield
3.	Alexandria Day Care Center	Alexandria
4.	Annandale Cooperative Preschool	Annandale
5.	Annandale United Methodist Weekday Preschool	Annandale
6.	Covenant Presbyterian Development Nursery School	Staunton
7.	Dominion Child Development Center	Roanoke
8.	Falls Church-McLean Children's Center	Falls Church
9.	F. B. Meekins Preschool	Vienna
10.	Grace Episcopal School	Alexandria
11.	Molly Michie Unitarian Cooperative Preschool	Charlottesville
12.	Parents Day Out Preschool - St. Paul UMC	Woodbridge
13.	Paxton Child Development Center	Leesburg

Program	Location
14. Resurrection Children's Center	Alexandria
15. River Road Church Nursery School	Richmond
16. Second Presbyterian Church Child Care Center	Richmond
17. Spring-Mar Preschool Association	Springfield
18. St. Anne-Belfield's Lower School	Charlottesville
19. St. Matthew's Lutheran Day School	Woodbridge
20. Trinity Mops Preschool and Trinity Crafts	Alexandria
21. University View Child Care Center	Fairfax
22. Virginia Tech Child Development Laboratory	Blacksburg
23. Williamsburg Community Child Care	Williamsburg

CONCLUSION

The Commonwealth's progress in responding to child care problems and issues is gaining in momentum as a result of the leadership and actions of Governor Gerald L. Baliles. Through initiatives launched by Governor Baliles and his administration, Virginia promises to have a viable subsidy program for working families and a full examination of child care licensure within the immediate future. Coordinated management of resources (human and financial), training and compensation of caregivers, and model programs for special groups must necessarily be the priorities of government to effect quality child care environments for all children in care and adequate services for their working parents.

SECTION II

OFFICE FOR CHILD DAY CARE

The need for an office for child day care was identified in the report of the 1987 Governor's Conference, Child Care: Everybody's Business as well as the 1973 Governor's Conference on Day Care Needs, the 1984 Day Care Report (Virginia Department for Children), and the 1986 and 1987 State Plans for Child Day Care (Virginia Department for Children and the Virginia Department of Social Services). These documents, in essence, call for an office for child day care to be mandated to plan, coordinate, and monitor child day care policies and programs for a comprehensive system of services for children in day care. An effective system would ensure that services are accessible, affordable, available, and of high quality and that children are cared for in environments that support full development of their physical, social, and intellectual capabilities.

Currently, there is no statewide infrastructure which can aid localities to assist working families who need child care, to increase availability of services, to coordinate funding sources, to increase public awareness, or to open the lines of communication among groups which have an investment in child care. For purposes of this State Plan, an infrastructure is defined as the basic framework, including personnel, facilities, equipment, and services, needed to meet the goals of encouraging the growth and functioning of a coordinated day care system. A consistent policy, uniformly applied, would offer the basic foundation for the infrastructure with input across Secretariats. A comprehensive infrastructure would need sufficient authority

to effectively establish priorities for the child day care delivery system in the Commonwealth.

GOALS OF THE STATE OFFICE FOR CHILD DAY CARE

With the goal of assisting localities, an office for child day care would serve as an advocate for working parents and their children, day care providers, and employers. To reach this ultimate goal, the objectives are:

1. Establishment, development, analysis, and oversight of a comprehensive child day care policy which builds upon existing policy;

2. Assistance in the development of new resources in localities to address child day care needs;

3. Planning, coordination, and monitoring of services through local and state organizations; and

4. Establishment and cultivation of linkages between professionals in for-profit, non-profit, employer-sponsored, church-sponsored, and government-operated child day care programs, as well as parents, advocates, researchers, educators, government officials, and employers.

This office should have the following powers and duties:

1. To review and analyze state child day care related policies affecting public and private agencies and employers and to make appropriate recommendations to the Governor and the General Assembly regarding the planning and strengthening of a coordinated child care system. The office should establish recommended guidelines for the development of appropriate child care policies for state agencies, localities, and interested employers.

2. To review, evaluate, and monitor legislation regarding child day care and related issues and offer technical assistance to legislators in the drafting of legislation relating to child day care.

3. To provide technical assistance to localities for coordinating local child day care services. The office would establish model technical assistance programs with accompanying guidelines to enable localities to meet their child care needs. (See p. 46 for further description.)

4. To monitor the whole range of aggregate child day care services, to target areas for program development, and to develop recommendations for the appropriate local and state agencies.

5. To design models for developing funding sources including strategies to secure employer support, techniques for writing grant applications, and methods to facilitate collaboration among funding programs.

6. To prepare, disseminate, and coordinate educational programs and materials regarding the availability, accessibility, affordability, and quality of child day care. Conferences, meetings, and specialized training can be effective vehicles for information dissemination.

7. To design a database for identifying projected child care needs in localities and assisting communities in the development and implementation of child care needs assessment surveys.

8. To assist localities in developing guidelines for recruitment of day care providers.

The office must prioritize overall child care needs in the Commonwealth to resolve the most critical issues facing working families. The office must also prioritize its activities. A long range, planned approach is necessary to focus the Commonwealth's limited resources into the most successful strategies.

CRITERIA FOR SELECTION OF A PARENT ORGANIZATION

It is vital that the office for child day care be placed appropriately within the existing government structure with minimal reorganization and costs. The process for change in organizational designs has been described in The Management of Organization Design (Ralph H. Kilmann, Louis R. Pondy, and Dennis R. Selvin, eds.) as "the arrangement, and the process of arranging, the organization's structural characteristics to attain or improve the efficiency, effectiveness and adaptability of the organization." Fitting the office for child day care into an existing agency should be a well-planned undertaking,

and the agency "home" should meet established criteria. The criteria for the "organizational parent" are:

1. The goals, purposes, and statutory mission of the potential organizational parent and subunits, programs, or services should be compatible, consistent, and coordinated with the proposed goals of the office.

2. The groups which would use the parental organization and the new office for child day care will be similar, and the users should find the organizational placement logical and consistent with their goals.

3. The prospective organizational parent must perceive and demonstrate that the office for child day care will be a priority within that organization.

4. The organization and management of the potential organizational parent must be conducive to the establishment of the office, demonstrating sufficient knowledge and awareness of the needs of children, employers, and child care services.

Several prospective organizational parents have been suggested: Department of Social Services (DSS); Department of Education (DOE); Department of Economic Development (DED); Department of Health (VDH); or the Department for Children (VDC).

Section 2.1-1.2 of the Code of Virginia outlines the correct nomenclature which should be used in establishing an office for child day care:

> "'Division,' 'Bureau,' 'Section,' 'Unit' or other similar titles shall be reserved for internal groupings within agencies."

MANDATE

The mandate of the office for child day care must be clearly defined in the Code of Virginia and embraced by the parent agency and the appropriate Secretariat. The office for child day care would function as facilitator, monitor, advocate, and educator. Control of all of Virginia's child care

services by this office is neither a desirable nor an acceptable goal. The concept of control is antithetical to the goals of this office. **Past recommendations have made clear that this office must be a base for coordinated child day care delivery in the Commonwealth to promote the provision of child day care services by multiple sources.**

To be an effective agent for improved and efficient service delivery, the office must have appropriate authority to carry out its duties. This authority would extend beyond permission to establish communication lines among agencies and communities regarding child day care needs. The authority of the office for child day care should also embody the responsibility to assist in the development of new services to areas previously unserved or underserved by offering technical assistance for local efforts to resolve crises in service delivery. Currently, there are approximately 17 Virginia localities which have no licensed child care services for the resident population. These and all other jurisdictions in the Commonwealth must be encouraged to respond to the child care needs of working families.

POLICY REVIEW

A major role for the office would be that of policy review and oversight. To fulfill this responsibility, the office would review and promote the coordination of all state policy development and planning efforts which guide the activities of several government agencies related to child day care. Cohesive state-level planning should be accomplished through the establishment of interagency agreements. These agreements would assist the office in the coordination of internal state government child-day-care-related policies and promote compliance with established child day care office guidelines. Established guidelines would be in compliance with the expressed wishes of the General Assembly and the Governor and would be used as an interpretive tool in

the implementation of policy. (For example, if a new policy is established by the Commonwealth to require equitable consideration of private programs, regardless of profit status, in the development of new programs and services for preschool children, then the policy would need to be explained [with examples] to all affected government agencies.) The parent agency should convene meetings related to day care policy as the need arises.

State-level policy review is essential to the strategic planning and coordination of day care services in the Commonwealth. The office should review and analyze policy to establish guidelines for the development of coordinated, consistent child care-related policies and practices throughout Virginia. Recommendations to the Governor's Cabinet for the revision of existing child care policies and the creation of new child care-oriented policies which are based on sound research evidence should also be developed by this office.

The review of policies at the state level should address the following issues:

1. Are negative impacts expected as a result of implementation of the policy under review?
2. Is the policy under review consistent within the general guidelines established by the office to ensure the protection of children?
3. Does any policy which results in specific services by one state agency duplicate efforts by another state agency? If so, how can this be resolved?
4. Will the intent of the policy under review improve the quality, affordability, availability, or accessibility of child care services?
5. What will be the effect of absent or silent policy?

STAFFING AND BUDGET CONSIDERATIONS

Personnel in the office would be responsible for the design, development, implementation, and evaluation of technical assistance services to localities. Staff must meet the demands of aiding localities in the development and coordination of services on-site. Expertise in several areas is needed (i.e., the child care profession, public relations, research, facilitating and networking local leadership, and business management). A pilot project approach would be desirable to establish future staffing and budget requirements.

A knowledge, skills, and abilities description should accurately describe attributes which would encourage the selection of competent staff for these positions. Among the attributes required would be skills in program planning and development, implementation, and evaluation.

A strong support staff is vital to the efficiency of the office. In addition to a clerk stenographer, a computer programmer/analyst is needed to collaborate with planners in the initiation and development of a statewide database of information and provide on-going training for professional staff. A well-conceived database and appropriate hardware will pay significant dividends in the long run. A database would make statistical evaluation of demographic information possible, such as:

- -- matching the availability needs of families
- -- chronicling the supply and demand for services
- -- determining the types of families which need services or subsidies
- -- projecting trends in population growth that will dictate service needs
- -- projecting employment trends that will determine the types of services required (e.g., shift work)

The office for child day care cannot fulfill its mandate without adequate funding.

-- It is essential to establish salary levels which would attract the most competent personnel.

-- Funds for the production of written and audio-visual public information and training materials are vital to the functioning of all coordinating efforts. Marketing and media resources and strategies must also be developed.

-- Funds for a comprehensive computerization effort should be designated. Basic information is still needed about child day care in Virginia to support competent decision-making.

-- Funds for localities through matching grants would significantly assist efforts to coordinate the delivery of child day care services.

TECHNICAL ASSISTANCE SERVICES

The office will be responsible for providing localities with technical assistance services, as requested by local entities, to facilitate the development of child day care services. Examples of technical assistance are:

1. Conducting information and initial resource development sessions with local officials.

2. Conducting training regarding the development of a local plan for child day care.

3. Assisting communities in the development and implementation of child care needs assessment surveys.

4. Assisting localities in the planning and implementation of appropriate local training programs for providers.

5. Assisting in the development of a local clearinghouse of job information for career-minded child care personnel.

6. Assisting the community in developing processes and procedures for the recruitment and registration of family providers caring for non-related children.

7. Collecting data on aggregate services to provide feedback to local officials to determine the extent to which services are meeting local needs.

8. Assisting localities in their efforts to encourage employer-related child care strategies.

9. Assisting in the identification and development of funding and human resources.

One of the functions of a coordinating child day care office should be to propose model guidelines for developing new resource and referral (R&R) services, especially as they relate to issues of liability. (A list of liability issues for R&R's is available in Appendix B.) The system should be responsible for outreach to communities which have no appropriate R&R services. It is important to consider the types of services which currently exist in Virginia locally and regionally to determine if those services are sufficient for meeting the needs of working parents, employers, providers, and professionals.

PUBLIC INFORMATION/EDUCATION

In meeting this responsibility, the office for child day care would stimulate the development of a statewide public information campaign to assist localities in informing the public regarding a variety of issues including, but not limited to:

- How to recognize quality child care
- Developmental curricula
- Developing local initiatives for child day care
- Employer Child Care Benefits programs
- Dependent Care Tax Credits
- The Child Day Care Fee System Program
- Specialized training and qualifications needed by providers
- Risk reduction and liability insurance
- Child abuse in day care
- Research findings
- Costs of child care quality

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In addition, the office would organize seminars, workshops, and conferences to cultivate linkages among the various groups interested in child day care.

THE RESEARCH COMPONENT

Research and evaluation should be a critical component of the office's programs. A first priority should be the collection of aggregate data to document supply and demand and to address factors which impact child care. Whenever possible, the research component of the office would recommend public and private model programs which can aid in the development of appropriate, experience-based services to meet the needs of special groups such as infants, mildly ill children, disabled children, and school-age children.

In addition to monitoring aggregate services, on-going internal evaluation is necessary to respond responsibly to the needs of each locality. An evaluation of services would begin with the collection and analysis of feedback data from localities. This information would be used to determine future activities upon which the office could focus.

COORDINATION OF RELATED SERVICES

Currently, three services related to the office for child day care have been implemented by a variety of public and private agencies on several levels. These three functions or activities include 1) funding for low-income families, 2) resource and referral services, and 3) provider training. Efforts must be made to coordinate these services.

Coordination activities should include:

1. Participating in impact evaluation of funding programs, resource and referrral programs, and training programs.

2. Assisting in the development of innovative strategies at the local level which might be implemented successfully in other localities (or even statewide).

3. Linking public and private funding sources for child care services around the Commonwealth.

4. Developing statewide marketing strategies to complement local efforts.

5. Sponsoring networking opportunities for localities in their efforts to develop services.

DEVELOPMENT OF COMMUNITY CHILD CARE COMMISSIONS

The 1987 Governor's Conference participants encouraged local governing bodies to establish "community child care commissions" to assess and plan for the coordination of child day care services. Two or more adjoining localities might elect to establish a joint commission. The local orientation of a child care community commission could provide greater sensitivity to community needs - needs that a state-level program might be unable to meet in a timely manner.

One major duty of such a commission might be to develop a "local plan for child day care" to be submitted to the office for child day care and incorporated into the State Plan for Child Day Care. This would allow future State Plans to include a focus on strategies which have been proven effective in various localities.

A local plan for child day care could outline coordinated, efficient means of providing quality day care programs which are safe, healthy, accessible, and affordable to a locality's working families. The office for child day care should encourage uniformity of format for the local plans to ensure consistency

in planning. Whenever adjoining localities establish a joint commission, accessibility of child day care services should be a primary focus of the local plan. Local plans for child day care would not be mandated.

A second duty of the commission could be to implement the identified programs and services that are needed by the locality such as technical assistance and training for providers, resource and referral services for parents, development of local funding sources, public education, and development of a local database of information. The commission should examine the appropriateness and impact of local ordinances which affect the delivery of quality services and should initiate actions to ensure uniformity of local regulations and reasonable consistency of local and state regulations. The office's assistance will be vital to the completion of these tasks.

SUMMARY

The need for an office for child day care has been recognized and documented since 1973. This office would have authority for: reviewing policy and monitoring aggregate services; providing technical assistance to Virginia's communities to establish coordinated child care services, especially in areas that are underserved; developing new funding resources; and conducting data-based research for effective decision-making. **The office must set priorities for its activities to address the most critical issues in a timely manner, given the resources available.** The opportunity to move ahead with this initiative is vital to the economic future of the Commonwealth and the well-being of Virginia's children and their families.

SECTION III

VOUCHER SYSTEMS

The 1987 Governor's Conference participants recommended the examination of "free shopping vouchers" which, when utilized in a subsidy system, allow parental choice among various child day care programs. A definition and a review of voucher systems is offered in this State Plan to promote informed decision-making.

A "voucher" is defined as a coupon or certificate that is issued by a sponsoring entity to a family based on specific criteria (e.g., low income or employment status). The recipient presents the voucher to any licensed or agency-approved day care provider to pay all or part of a child's day care expenses. The day care provider invoices the sponsoring agency to recover the value of the coupon (voucher).

At the 1987 Governor's Conference, Dr. Joan Hildebrand, Visiting Assistant Professor, Towson State University, Maryland, described two types of voucher systems - open and closed. In the open system, recipients have complete freedom of choice in choosing a day care provider (vendor). The intention is to convey unconditional regard for the recipients' decision-making abilities about the best child care for their children. In the closed system, the sponsoring agency allows a choice from a specified list of vendors. Closed systems are usually designed to limit choices to programs or services of high quality. Closed systems which limit choices to low-cost programs may result in negative consequences for children if they receive poor quality care.

RATIONALE FOR VOUCHER SYSTEMS

Other states have used voucher systems to increase the number of child care services available to low-income parents, to reduce the costs of providing direct child day care services, and to utilize available federal grant funds to develop model voucher systems. (These federal funds are no longer available.) Employers offer voucher systems primarily as an employee benefit.

THE VIRGINIA EXPERIENCE

Because Virginia currently has no statewide information regarding supply and demand, it is difficult to determine comprehensive statewide availability needs. The Department of Social Services reports that before the Child Day Care Fee System Program was implemented, several sections of the Commonwealth had limited Title XX day care resources for ADC-eligible families. The Child Day Care Fee System Program, authorized in 1986, allows low-income, working families to **freely choose** child day care services from **any** licensed or certified child care provider. If a family day care home which is outside the licensing definition is chosen by a subsidy recipient, then a local social services worker can visit and certify the provider to allow the use of this placement.

Localities utilizing the Child Day Care Fee System Program have reported an increase in the number of available spaces for low-income families, except in areas with limited funding. Localities with limited funding and low rates of reimbursement have experienced a **decrease** in the number of providers recruited and maintained.

An example may help to illustrate how such decreases occur. A city may set a cap of $5.00 of reimbursement for nine hours of child care per day. It

costs a center a minimum of $8 to $15 per child per day to provide care. If a center accepts the capped rate from one locality, by law it must accept the same rate from other localities wishing to place a subsidized child in the center. Proprietary centers would not break even and, therefore, could not accept any subsidized children. Non-profits would not break even, and most would limit the number of subsidized children allowed or refuse to accept children from low-paying localities. Centers which accept the low rates must usually cut their budgets to the minimum and thereby reduce the quality of care which subsidized children receive. In these areas, free choice is not the key to increasing availability -- increased funding is.

METHODOLOGY

For the purposes of this report, several voucher systems in other states were examined. The information received has been synthesized into three models to inform decision-makers regarding the advantages of each.

Major systems that have been examined for this study include the Maryland Department of Social Services Voucher Day Care Project; Montgomery County, Maryland, Working Parents' Assistance Program; Hennepin County, Minnesota, Community Services Department Program; Louisville, Kentucky, Community Coordinated Child Care Program; Massachusetts Department of Social Services Voucher Day Care Program; Hudson County, New Jersey, Voucher Subsidized Child Care Program; and Wisconsin Division of Community Services Voucher Day Care Program. In addition, a review of literature related to vouchers used by charitable organizations and employers was conducted.

The remainder of this section will examine the focus, goals, services, and activities, as well as advantages and disadvantages, of voucher systems appropriate to the three models. Detailed information regarding specific state and local voucher systems may be found in the appendices.

VOUCHER SYSTEM MODELS

The three basic models for child day care voucher systems are: **Family Support, Self-Sufficiency,** and **Employer Benefits.** Each model has goals and services that overlap in the delivery of child care subsidies, although each has a different primary focus. The focus of the program determines how all goals and activities in the program are implemented. In the **Family Support Model**, the focus is on helping those who cannot help themselves. The **Self-Sufficiency Model** focuses on promoting economic self-sufficiency. The **Employer Benefits Model** primarily emphasizes child care as a benefit to the company which would increase employee morale, job satisfaction, and productivity. It is important to note that the sponsorship of voucher systems does not automatically determine the type of model for the system. For example, an employer may sponsor a program that is in reality the Self-Sufficiency Model or the Family Support Model in concept.

There are several types of recipients which each voucher model assists. In the **Family Support Model**, the clients are families in crisis. Typically, the voucher is utilized as an intervention technique by providing services. Some children in this model are "at-risk" due to child abuse or neglect, teenage parenting, or temporary hospitalization or imprisonment of a parent or guardian. The focus of this model is primarily on serving the child.

Parental choice in this model is a controversial topic. The model assumes that most families in crisis need help in decision-making, having had a previous history of making poor choices. Many sponsors of this model strongly favor a closed system which limits the day care choice to programs of high quality or to programs of a specific nature. Proponents of the closed system argue that this ensures that the family will make an appropriate choice

regarding the type of care a child needs, thus protecting the child from further potential harm. Opponents of the closed system approach point out that limiting a parent's choice suggests parental incompetence.

The typical client family served by the **Self-Sufficiency Model** is low-income, seeking employment, or underemployed. These families are striving to become self-sufficient, and the day care subsidy is used temporarily while the parent searches for work, attends job training, or begins a new job. The focus of this model is primarily on serving the working parent and the family. Completely free choice of day care services in an open system is encouraged, although the sponsoring agency sometimes contracts for resource and referral services for parents from an independent, private, or community-based service. Proponents of this open system maintain that choice is the prerogative of the parent. Opponents of complete freedom of choice believe that many times a low price may be considered first when choosing child care, since the voucher does not usually cover the complete cost of care. Therefore, a child may be forced into a poor quality program which might eventually cause emotional stress, creating problems for society at a later point.

In the **Employer Benefits Model**, the child care voucher is a benefit which is usually awarded to employees who have maintained productivity or have attained a specific professional level in the organization. Occasionally, the entry level worker may receive this benefit as part of a recruiting effort. The focus of this model is to bind the worker to the company. Both open and closed systems are used by the Employer Benefits Model.

GOALS OF VOUCHER SYSTEMS

Stated goals of voucher day care models are often the same; interpretations of goals differ. See the chart that follows:

Goals	Family Support	Self Sufficiency	Employer Benefits
Recipient Oriented Goals:			
1. Promote recipient self-sufficiency		X	
2. Increase the level of recipient's awareness of various child care options to ensure recipient involvement in the selection process	X	X	
3. Promote parental participation in the selection of appropriate child care	X	X	
4. Allow parents the widest range of choices possible in selecting and negotiating child care arrangements	X	X	X
5. Improve employment stability	X	X	X
6. Reduce placement delays once eligible	X	X	X
7. Increase availability of private care for publicly subsidized recipients	X	X	NA
8. Allow flexibility for emergency situations and special needs	X	X	X
9. Emphasize and support the value of work that leads to economic self-sufficiency		X	X

Goals	Family Support	Self Sufficiency	Employer Benefits
Child Care Service Oriented Goals:			
10. Increase the number and availability of day care services to targeted families	X	X	X
11. Provide quality child care services at an overall cost that is lower than providing direct services	X	X	X
Process Oriented Goals:			
12. Gain better fiscal control over "purchase of day care" funds	X	X	
13. Establish realistic subsidy levels according to what parents can afford to pay	NA	X	X*
14. Increase the number of participating providers by reducing red tape	X	X	X
15. Reduce administrative costs by computerizing the subsidy system	X	X	X

*When affordable to the company

As the chart indicates, and as stated previously, goals do overlap among the models. However, each program prioritizes and interprets the goals differently in direct relation to program focus. For example:

Goals 2 and 3 -- increasing recipient awareness and promoting parent participation, respectively.

-- The **Family Support Model** ideally encourages the parent to "buy into" the therapeutic placement of a child into a day care program so that the parent becomes a supportive member of the "treatment team."

-- The **Self-Sufficiency Model** focuses on parental responsibilities for obtaining day care services so that the parent can earn his or her way in society independently of the helping relationship.

-- The **Employer Benefits Model** assumes that employees are already self-sufficient and they are being rewarded for work-oriented accomplishments or abilities.

ELIGIBILITY FOR PARTICIPATION IN VOUCHER PROGRAMS

Initial eligibility for **Family Support Voucher System Models** targets two areas: 1) the identified needs of the child; and 2) income level of the family. Typically, the child must be labeled to receive services. Labels are often prioritized, with child protective services cases necessarily receiving first priority. Problems have arisen, however, when low-income children must be denied services in order to serve children in a higher priority category. Usually, federal guidelines which establish the poverty line for differing family sizes are utilized to determine eligibility. For example:

Chart 8

1987 Poverty Income Guidelines

Family Size	Annual Income
1	$ 5,500
2	7,400
3	9,300
4	11,200
5	13,100
6	15,000

Source: Children's Defense Fund Reports, April, 1987 (excludes Alaska and Hawaii)

Continuing eligibility is most often determined annually. If a family becomes financially ineligible by exceeding the federal poverty line, services may be discontinued unless a child is in physical danger.

In the **Self-Sufficiency Voucher System Model**, emphasis is placed on income level in determining eligibility. What is distinctive in the Self-Sufficiency Model is that levels of need are considered in terms of family composition rather than family size. For example, a family of three could be two adults and a child or one adult and two children. The earning capacities of these two families are vastly different and the cost of child care differs in spite of the fact that both families are the same size. Local cost of living levels must also be considered in this model when determining eligibility.

Emphasizing the self-sufficiency goal, this model requires the parent to pursue child support petitions unless there is physical danger from such pursuit. In addition, eligibility for vouchers is based on a limited period for training or the search for employment. A maximum of three months is usually granted for this transitional period.

Once a parent is employed, he or she is required to earn at least minimum wage and be employed for at least thirty hours per week. The premium, then, is on work: to continue to receive the voucher, one must work. On-going eligibility in the Self-Sufficiency Model is redetermined every six months, granting six-month extensions when indicated. In this model, subsidy levels are reduced gradually and are granted for each full six-month period even if the income should change during that period. The philosophy guiding this policy is that raises in income do not usually bring instant financial stability to families. This policy encourages families to become economically stable by valuing their efforts to improve their economic status.

The primary determinant of eligibility in the **Employer Benefits Voucher System Model** is company employment. Some companies may limit eligibility to income level, full-time employed staff, or staff in specified positions so as to limit the company's financial liability for this expensive benefit.

RATE SETTING

Two basic payment types are used by all three models in payment of vouchers: 1) flat rate; and 2) percentage. Within these two types, a variety of methods is utilized in determining the amount to be paid to providers.

In some areas, a daily flat rate is established and everyone accepting the voucher receives the same amount per child. Any costs above that rate must be paid by the parent or the provider. Some voucher programs negotiate flat rates with each provider. Areas that use flat rates have experienced problems in changing rates, especially if rates have to be approved by legislatures. In areas where the rates are too low or have not been adjusted for inflation in several years, providers are reluctant to accept vouchers since parents cannot afford to close the resulting gap between rate and fee. This limits the choice of care which the voucher system was intended to expand.

Other rate-setting methods utilize a sliding fee scale that will pay a percentage of the actual child care fee, usually up to a maximum ceiling rate. This will allow the parent to choose from up to 90 percent of the available child care providers. In most areas where percentage rates are utilized, a local rate survey is conducted regularly to determine median and ceiling rates. This method tends to be more sensitive to the market rate and is more acceptable to providers than the flat rate. Generally, families pay part of the fee according to what they can afford. This emphasizes parental responsi- bilities in choosing and maintaining child day care. Unfortunately, it may mean that a parent will choose less expensive poor-quality child care to increase the family cash flow.

Employers tend to use a flat rate because it is easier to administer. It also easily identifies levels of benefits that are equitable in determining

company benefit packages. Since all company employees may not need the child care benefit, a flat rate can set a fair standard benefit level by which employees can receive other equal dollar compensation.

RELATED PARENTAL ACTIVITIES AND SERVICES

To support the family in making appropriate choices of child care arrangements, most voucher systems provide or contract for resource and referral services. Some voucher systems offer such materials as educational brochures, booklets, slide programs, movies, and video cassettes regarding high quality child care. Sometimes the resource and referral system operates the voucher system. Another important activity of some voucher systems is recruitment and training of providers. This is especially true in areas which do not have enough licensed child care providers to meet local needs.

The more consumer-oriented the program, the more likely it is to make its services available at the consumer's convenience. Office hours are often arranged beyond the traditional work hours so that parents do not have to miss work. Office locations may be spread out over an area to reduce transportation problems of low-income clients.

Some voucher systems, typically utilizing the Self-Sufficiency or Employer Benefits Models, offer career counseling services to encourage and support the recipient in his or her work-related problems. This is believed to promote productivity and self-sufficiency.

MARKETING THE VOUCHER MODEL

Marketing the availability of the subsidy is another important activity of voucher system models. For the **Family Support Model**, limited marketing is conducted by public agencies. Most marketing efforts may be directed toward professionals to promote the voucher system as an intervention technique. In

promoting voucher systems to legislatures, government officials, and private and public donors to obtain funding sponsors, the Family Support Model relies on the need to help the child who is in poverty or in an unhealthy situation. Emphasis is on helping in a charitable manner.

For the **Self-Sufficiency Model**, marketing the subsidy as a method for returning tax dollars to the community is vital. It is stressed that these subsidies result in spending fewer welfare dollars and increasing the number of local tax-paying citizens. One marketing strategy is to deliberately house the subsidy program in quarters that are not associated with social services or welfare programs. When promoting this system to government officials and legislatures, the emphasis is on the real economic returns to the community.

The **Employer Benefits Model** utilizes the voucher system to recruit competent staff and to market the company as a caring, family-oriented employer. The emphasis of this marketing effort relates directly to the public image of the employer.

DISCUSSION OF THE VOUCHER SYSTEMS EXPERIENCE

Assessment of other states' efforts indicate that there is a place in the Commonwealth for the three voucher system models. Each serves a distinct purpose. Each has its limitations. Several **common experiences** surfaced in the three models examined:

1. Parents who were allowed a free choice expressed a high rate of satisfaction in being able to make their own choices for child day care.
2. Costs of various voucher projects were lower than providing direct day care services.
3. The accessibility of all types of child care greatly increased for low-income children.

4. Geographic accessibility of child care providers improved.

5. The number of families being subsidized increased.

6. There was an increase in the number of families choosing family day care over center-based day care. (Some states had previously limited their purchased space primarily to centers.)

7. The success rate in finding child care arrangements increased.

8. Increased job stability and higher income levels resulted from voucher subsidies, causing a decrease in the number of voucher recipients who were receiving ADC payments.

Problem areas common to all models are:

1. Once a voucher program is implemented, the demand for subsidies greatly increases. Typically, funding levels in other states have been unable to keep pace with demands. (Some states started with a minimal spending level but have had to expand the program based on the needs of working families. Massachusetts, which offers an entitled day care voucher system, will spend $34,000,000 in '87-'88 for subsidized care. California's voucher program is spending $26,000,000 for child care subsidies.)

2. Model programs typically limit voucher usage to licensed centers and providers. (In Virginia, several types of care which may be appropriate for children are outside the licensing definition, including family day care homes with less than five children, hospital-sponsored programs, part-time nursery schools, and unlicensed religiously-sponsored programs. Professionals advise that extension of the voucher subsidy to cover unlicensed care is not appropriate since the quality of such programs or providers cannot be monitored in any way. Controls such as certification or registration of these forms of care are needed to ensure quality.)

Problem areas which are related to specific models are as follows: In the **Family Support Model**, the helping relationship often encourages dependency on others (government) to solve family problems. In the **Self-Sufficiency Model**, the recipient, who typically pays for a portion of the care, may be forced to choose the least expensive care to conserve resources for other necessities. This may result in a child receiving care that is less than high quality.

Making the least expensive choice is not to the government's advantage since poor quality care can have consequences that represent a significant cost to society.[12]

For both the **Family Support** and **Self-Sufficiency Models**, the demand for child care subsidies has presented considerable administrative stress to current subsidy systems, especially when no administrative funds were allocated.

Most voucher programs experience a great increase in the amount of paperwork needed to administer the programs. For that reason, most successful programs started as pilot projects prior to statewide implementation. Sufficient funds were also invested to computerize several voucher systems. Additional staff were needed to handle the increased paperwork. Other administrative problems included an increased amount of time in application procedures to determine eligibility. Delay in payments to providers is another administrative burden. Delays of four to eight weeks place financial stress on day care programs and providers. Some areas have noticed that providers have refused to serve voucher-subsidized recipients.

Problem areas for the **Employer Benefits Model** include high cost factors, especially for large companies, unless limitations are established. Those limitations may create problems related to benefit equity. In addition, if available day care services are insufficient in number or quality, then the child care problems of employees may not be relieved.

SUMMARY

Three models of voucher systems have been identified: **Family Support, Self-Sufficiency,** and **Employer Benefits.** These models have overlapping goals. The Family Support Model is primarily a helping model with emphasis on

the child to be served (family intervention). The Self-Sufficiency Model promotes economic sufficiency, and the Employer Benefits Model rewards employees for performance relating directly to company productivity.

Voucher systems generally increase the amount of child care services available to eligible recipients, promote accessibility of services to recipients, stress parental responsibility for their child(ren), and assist low-income families in becoming self-sufficient. Correspondingly, there are serious concerns regarding appropriate funding for both subsidy levels and administrative management. A voucher system does **not** necessarily support quality care programs unless safeguards are built in to address this concern. (Please see Appendix D for specific state programs.)

To protect the interests of children, a voucher program must have the following structure:

1. Adequate funding;

2. Appropriate choice system (one limited to licensed or certified providers only);

3. Adequate and equitable licensing standards to improve the quality of care available;

4. A supportive resource and referral system network;

5. Appropriate rate setting procedures which are consistent with the published rate of the services;

6. Simplified administrative procedures for timely receipt of services to parents and reimbursement to providers;

7. Appropriate administrative staffing; and

8. Statewide marketing efforts to inform the public about subsidies and the selection of quality programs.

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Without these components, a voucher program would be ineffective and, in the long term, costly to the Commonwealth. It is fiscally wise to devise a program with quality from its inception.

Because of the diversity among localities in Virginia, a pilot project could be designed to identify barriers to service delivery and the advantages and disadvantages of program specific policies and procedures that might be unique to regions or localities. This initial action would enable the Commonwealth to avoid the problem areas that have occurred in voucher program implementation in other states. Since the Child Day Care Fee System Program can be loosely defined as a voucher system, the pilot project could interface with the Fee System Program.

A pilot project should be designed to present the opportunity to establish an appropriate voucher system which would avoid the problem areas that have occurred in other states. (See Appendix D.) The Child Day Care Fee System Program should continue its current subsidies pending any further determination of the need for changes, especially since it is essentially a voucher program.

To encourage informed decision-making among clients, three types of resource and referral services could be tested as a part of the pilot project within rural, suburban, and urban areas:

a. independent resource and referral services, contracted to a private or public agency separate from the subsidy sponsor;

b. resource and referral services offered by the agency sponsoring the subsidy; and

c. regional information and referral services with no counseling component.

Experimental and matching control groups would aid in defining whether the voucher or the type of referral service is the determining factor in increased accessibility and availability of services, especially since the Child Day Care Fee System Program permits recipients to choose their services. Sufficient time for evaluation may require at least two years. To ensure that results are not related to funding levels, equal funding for administrative costs and subsidies should be granted to all experimental and control groups.

Evaluation outcomes should reflect:

a. child day care availability and accessibility;

b. consumer satisfaction with vouchers and referral services; and

c. day care provider satisfaction with vouchers and referral services.

Pilot project evaluation needs to be conducted by an unbiased agent and should be designed prior to the initiation of the project. Recommendations from the voucher pilot project evaluation should be given special attention prior to statewide implementation of a voucher system.

In addition, the Department of Social Services should actively promote the rights of parents to a free choice of licensed or certified child care providers.

SECTION IV

RECOMMENDATIONS

1. Office for Child Day Care

THE GENERAL ASSEMBLY SHOULD CREATE AND ADEQUATELY FUND AN OFFICE FOR CHILD DAY CARE WITHIN AN EXISTING STATE AGENCY.

2. Increased Funding for the Child Day Care Fee System Program

THE GENERAL ASSEMBLY SHOULD APPROPRIATE THE FULL $10 MILLION INCREASE IN FUNDING FOR THE CHILD DAY CARE FEE SYSTEM PROGRAM REQUESTED BY THE GOVERNOR TO ASSURE CONTINUITY OF CARE FOR CHILDREN WHOSE WORKING PARENTS ARE IN FINANCIAL CRISIS.

3. Resource and Referral

THE GENERAL ASSEMBLY SHOULD APPROPRIATE FUNDS FOR THREE REGIONAL RESOURCE AND REFERRAL CENTERS FOR CHILD CARE SERVICES. THE PURPOSE OF THESE CENTERS WOULD BE TO YIELD INFORMATION TO IMPLEMENT A STATEWIDE NETWORK OF RESOURCE AND REFERRAL PROGRAMS BY 1992.

4. Vouchers

THE DEPARTMENT OF SOCIAL SERVICES SHOULD BE DIRECTED TO CONDUCT A PILOT RESEARCH STUDY OF VOUCHER SYSTEMS UTILIZING CHILD DAY CARE FEE SYSTEM AGENCIES AND FUNDING.

5. Free Choice Mandate

THE DEPARTMENT OF SOCIAL SERVICES SHOULD ACTIVELY PROMOTE THE RIGHTS OF PARENTS TO A FREE CHOICE OF LICENSED OR CERTIFIED CHILD CARE PROVIDERS.

RECOMMENDATIONS UPDATE

The 1988 State Plan for Child Day Care was submitted to the Secretary of Human Resources on January 1, 1988, as mandated. Several actions have occurred since that time.

Office for Child Day Care

An **Office for Child Day Care and Child Development** was proposed in House Bill No. 860 sponsored by Delegates McDiarmid, Marshall, Diamonstein, Van Yahres, Munford, Brown, Almand, and Plum. The bill was carried over until the 1989 General Assembly Session pending further study and planning.

Increased Funding for the Child Day Care Fee System Program

Governor Gerald L. Baliles' recommendation of a **$10 million funding increase** for the Child Day Care Fee System Program for the biennium was approved by the General Assembly.

Vouchers

The Department of Social Services' budget request (agreed to by the General Assembly) calls for the establishment of **three voucher pilot projects** serving a rural, a suburban, and an urban locality.

APPENDIX A

Recommendations

of

1973 Governor's Conference on
Day Care Needs

1984 Day Care Report

1986 State Plan for Child Day Care

1987 State Plan for Child Day Care

1987 Governor's Conference,
Child Care: Everybody's Business

Presented by Topic

Office for Child Day Care Recommendations

1973 - Governor's Conference on Child Day Care Needs

In order to achieve the purposes related to child care, the Conference recommends that an Office for Children:

1. Coordinate planning and delivery of child care services at all levels.

2. Establish a comprehensive referral service which will collect, develop, and disseminate information on child care needs and child care resources.

3. Provide assistance to all types of child care services in locating and acquiring financial resources.

4. Promote development and training of child care personnel through coordination with educational institutions, professional organizations, and government agencies so that such training is readily accessible to all areas of the State.

5. Devise procedures for upgrading child care centers and ensuring that programs for children include developmental and educational components.

6. Make recommendations regarding changes in licensing standards.

7. Research, develop, and implement systems for providing support services to family child care operations.

8. Promote provisions for access of handicapped children to the developmental care available to all other children while also providing for their special needs.

9. Promote the establishment of extended day care for school-age children and the housing of child care centers in public schools. Coordinate services which can be provided to centers by public schools.

10. Involve labor and industry in providing child care services and facilitate the establishment of such programs.

1984 - Child Day Care Report

Coordination of systems for child day care information and referral services should be maximized (based on absence of data on supply and demand).

1986 - State Plan for Child Day Care

The 1986 General Assembly should establish a permanent unit (Division for Child Day Care) within an existing state agency to implement the annual State Plan for Child Day Care.

1987 - State Plan for Child Day Care

A state-level coordination mechanism should be developed to promote school-age child care.

A primary responsibility of a state-level coordinating mechanism should be to determine how to best promote and support a) providers in their development of quality family day care homes and systems, and b) parents in their selection and use of family day care homes and systems.

The General Assembly should mandate a state agency to develop the data base necessary to implement this and subsequent State Plans for Child Day Care. To create this data base, relevant state and local agencies should be mandated to report pertinent day care and family information to the assigned agency.

The General Assembly should encourage localities to form advisory committees to conduct needs assessments and to develop and implement recommendations for their own communities regarding the delivery of services for school-age child care.

1987 Governor's Conference, Child Care: Everybody's Business

A state office for child day care should be established which would handle development and implementation of funding programs, provide technical support and resource services for day care providers, develop and implement training and outreach programs for providers, develop a parent consumer information system, and develop community education programs to inform the public regarding the role of early childhood education in our society. The central office would also serve as a resource for the establishment of local "community child care commissions" which would address local child care concerns.

Increased Funding Recommendations

1984 - Child Day Care Report

To foster development of affordable infant day care services, the possibility of providing "start-up, facility, and operating" loan guarantees should be considered.

The Legislature should be asked to consider methods of subsidizing child day care expenditures for low to moderate income working parents.

The current structure of Virginia's Dependent Care Tax Credit should be studied by the Legislature to determine whether or not revision or expansion would be feasible.

A study should be made of the financial structures utilized by adjoining states to facilitate affordable child day care services for consumers as well as providers.

1986 - State Plan for Child Day Care

The 1986 General Assembly should appropriate funds, in addition to federal dollars, for child day care subsidies to low-income working parents whose incomes are consistent with Department of Social Services income eligibility guidelines.

The General Assembly should direct the State Corporation Commission to explore ways to facilitate the affordability of child care services throughout the State, particularly through regulatory and licensing powers in the areas of banking and insurance.

1987 - State Plan for Child Day Care

The State should continue to expand financial assistance to low-income families to enable them to access school-age child care. Attention should be given to the current state subsidy program administered by the Department of Social Services as a possible mechanism for additional assistance to these families.

1987 Governor's Conference on Child Day Care

Funding for low-income children in the child day care fee system should be increased. In addition, conferees encouraged an examination of a free shopping voucher system to allow parents a choice of appropriate, licensed child care options for state government, employers, and private funding sources.

Salary/Training Study Recommendations

1973 - Governor's Conference on Day Care Needs

A committee of representatives of the four-year colleges, community colleges, and of this (1973) conference should be named to make a comprehensive study of the quantity and quality of pre-service and in-service educational opportunities for child care personnel in Virginia. Attention should be given to the preparation of professional, para-professional, and volunteer personnel for comprehensive child development programs. It should be recognized that such preparation is highly specialized and differs from that provided for teachers of school-age children.

A state plan should be developed to make educational programs, staffed by well-qualified, effective educators, available to personnel involved in both family day care and center care in every geographic area. This study should be undertaken immediately so that implementation of recommendations can begin in the 1975-76 academic year.

A committee of members of the State Department of Education and of early childhood development and education specialists should be directed to "examine the new Virginia policy of certification of teachers of children two to eight (N, NK-3) and to consider whether the standards are adequate for the preparation of teachers of children under six.

In addition, the actual learning experiences provided for pre-service teachers in colleges which have approved programs or will recommend graduates for endorsement should be evaluated.

The guidelines for the accreditation of the Child Development Associate, prepared by a consortium of professional organizations in the field of early childhood development, should be considered in such an evaluation.

1987 - Governor's Conference on Child Day Care

Development and implementation of a study investigating child care worker salaries and training in the state with emphasis on solutions for the early childhood profession should be initiated.

Recommendations Related to Licensing

1973 Governor's Conference on Day Care Needs

The State Board of Welfare and Institutions should be advised of support by the conference participants for upgrading quality of care in Virginia, including a developmental component. It should be emphasized that the intent is to help operators do a more effective job, not to penalize them or put them out of business. Therefore, reasonable time and adequate assistance must be provided for meeting higher standards.

The Virginia Day Care Licensing Statute should be examined and, if changes are needed, these should be recommended to the 1974 General Assembly.

-- Funds should be available for better monitoring of program under present licensing standards. Staff added for this monitoring should have professional child development or early child education backgrounds and receive specialized in-service training to help them become effective, supportive, and change-producing agents in their work with providers.

1984 Child Day Care Report

All child day care services should be regulated by the State. A "group size" standard should be considered for inclusion in the Department of Social Services' Minimum Standards for Licensed Child Care Centers.

1987 Governor's Conference on Child Day Care

A coordinated licensing system with no exemptions was recommended, with a single licensing agency for all child care providers and programs.

Recommendations Regarding Model Programs

1984 Child Day Care Report

The Division for Children and the Departments of Education and Social Services and other youth-serving agencies should examine ways of effecting interagency cooperation to provide extended day programs for school-age children.

1987 State Plan for Child Day Care

The Code of Virginia should be amended to give school boards the option to develop extended day programs either by contracting for services or by establishing and administering their own programs. School boards should be encouraged, but not mandated, to operate or contract for such services. The use of state or local funds appropriated for educational purposes should not be used to support such programs.

1987 Governor's Conference on Child Day Care

An exemplary state initiative in the provision of model programs was recommended. One part of this initiative would be the development of child care and family related policies by the state for its more than 80,000 employees. Participants recommended research, funding, and development of six other model programs to address the needs of specialized groups such as infants/toddlers, school age children, sick children, disabled children, and children in programs with the elderly.

APPENDIX B

Resource and Referral

Legal Issues

Regional Map

Legal Issues for Publicly-Sponsored Resource and Referral Services

The following legal issues involved in the establishment of resource and referral services through public agencies have been identified by Work/Family Directions of Wheelock College:

1. A mixing of public and private funding revenues is desirable, but may be viewed as duplicate funding for similar activities and, therefore, the service may not receive adequate funding.

2. A decision must be made as to whom services are to be made available. If services are not available to the general public, but rather functioning for only one segment of the population, then issues arise as to the equity of the services.

3. Public agencies may find it difficult to become a part of a nationally standardized service due to mandated duties which may conflict with national guidelines.

4. Often local resource and referral services receive and administer subsidies for low income families. State level control of these alternate funding sources could lead to funding barriers in communities where the need is being met.

5. Confidentiality guidelines need to be established in regard to corporate consumers.

6. Confidentiality of parent consumers must be maintained. Appropriate guidelines need to be established which would ensure the consumer's right to privacy after services have been delivered. This may limit the ability of the program to obtain certain types of follow-up data.

7. Procedures need to be established to address the needs and rights of unlicensed forms of care. Information and data gathered regarding these forms of care must not be used against them. It is important, however, to have accurate information regarding unlicensed care. Therefore, guidelines need to be developed concerning the appropriate types of information that would be needed and how that information could be used.

8. Guidelines for consistent reporting of data need to be developed appropriate to the organizations which will receive the information.

9. Guidelines need to be established for regular auditing of public and private funds.

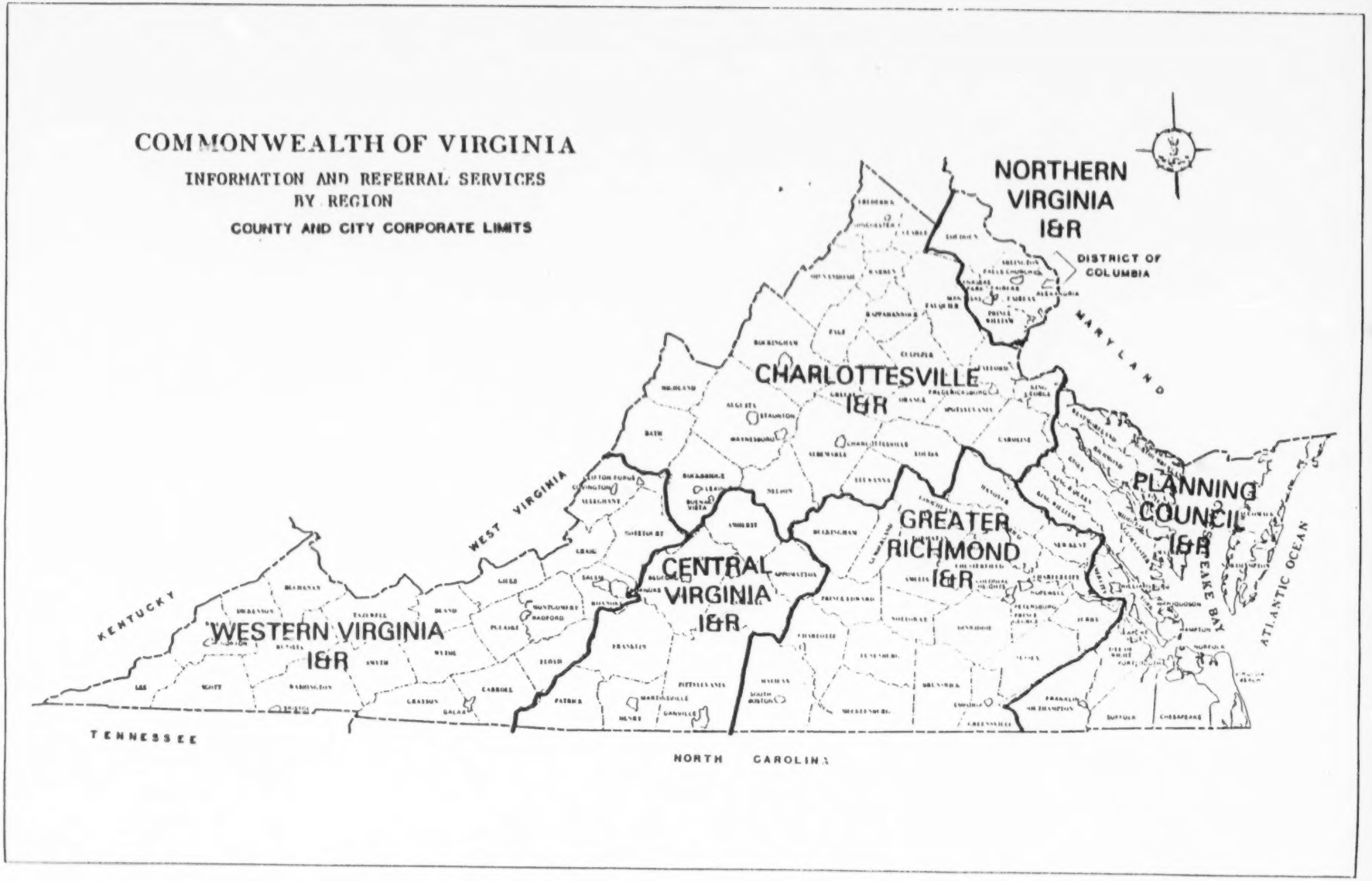
10. Resource and referral services for employers must be sensitive to the private industry's ability to make timely decisions without a bureaucratic network of procedures. Policies need to have flexibility in this regard.

11. Because public agencies are subject to public scrutiny, employers may not want to participate due to desires to maintain a low profile or to limit media involvement in their company.

12. Because government must give due process rights to citizens, providers about whom parents have complaints can not be removed from resource and referral lists without due process. Policies and procedures must be established.

13. Resource and referral services must have the flexibility to cross state lines in some areas. Public agencies may not have that flexibility.

14. Liability insurance is a major concern for public and private organizations. Agreement on accountability for service delivery is important to indemnify private contributors to the service against lawsuits.


COMMONWEALTH OF VIRGINIA
INFORMATION AND REFERRAL SERVICES
BY REGION
COUNTY AND CITY CORPORATE LIMITS
NORTHERN VIRGINIA I&R
DISTRICT OF COLUMBIA
MARYLAND
CHARLOTTESVILLE I&R
PLANNING COUNCIL I&R
GREATER RICHMOND I&R
CENTRAL VIRGINIA I&R
WESTERN VIRGINIA I&R
WEST VIRGINIA
KENTUCKY
TENNESSEE
NORTH CAROLINA
CHESAPEAKE BAY
ATLANTIC OCEAN

APPENDIX C

NEEDS ASSESSMENT SURVEY OF STATE EMPLOYEES IN THE CAPITOL SQUARE AREA

In July, 1987, the Department for Children conducted a needs assessment survey of state agencies in the Capitol Square area to determine the feasibility of establishing a state-sponsored child day care center. Of 42 agencies which were contacted, 27 agencies responded with a total of 410 surveys returned. Ten returned surveys were not completed and were not included in this analysis.

Participating Agencies

	Name	Surveys Returned	Number of Employees
1.	Accounts, Department of	18	172
2.	Aging, Department for the	6	27
3.	Attorney General, Office of the	38	NR*
4.	Auditor of Public Accounts	14	114
5.	Children, Department for	4	13
6.	Conservation and Historic Resources, Department of	13	NR
7.	Credit Union, State Employees	2	NR
8.	Criminal Justice Services, Department of	12	50
9.	Education, Department of	27	375
10.	Education Assistance Authority, State	9	35
11.	Education Loan Authority	23	NR
12.	Elections, State Board of	1	NR
13.	Employment Commission, Virginia	33	470
14.	General Services, Department of	52	720
15.	Health, Department of	51	800
16.	Health Services Cost Review Council	2	NR
17.	Higher Education, State Council of	6	51
18.	Joint Legislative Audit and Review Council	7	33
19.	Legislative Services, Division of	5	35
20.	Mental Health, Mental Retardation & Substance Abuse Services, Department of	31	200
21.	Personnel and Training, Department of	15	75
22.	State Internal Audit, Department of	1	8
23.	Treasury, Department of	12	80
24.	Virginia Community College System	9	94
25.	Virginia State Bar	5	NR
26.	Virginia Treatment Center for Children	10	109
27.	Waste Management, Department of	7	68
		400	

*NR = Not Reported

Survey Results

Identified Children

Children	Number		Percentage Needing Care
Unborn	30	Total	96.67
Infants	88	Under age 2	98.86
Toddlers	28	146	96.43
Preschool	142		90.91
School-Age	140		90.71
	428		

Space needed within the next 18 months: Infants/Toddlers: 143; Preschoolers: 130; School-Age: 127

Four hundred children were identified by the survey as needing child care services within the next 18 months. Fifty-five respondents (employees) indicated no need for child care services within the next 18 months. (This includes respondents with no children who have no concrete plans for family additions.) Seventy-five surveys were returned by participants who do not currently have children. Thirty participants indicated that they are currently pregnant, while others indicated that they were waiting for the availability of high quality child care before adding to their families.

Forty percent of the respondents were interested in a sick care program while fourteen percent were interested in care for the disabled. Ninety-five percent of the survey participants believe that state government should offer care as an optional benefit for employees.

Preferred Characteristics of Day Care

According to survey participants, there are several characteristics of major importance in a high quality child care program:

Characteristic	% Responding 1 - Very Important	% Responding 1 (Very) or 2 (Somewhat)
Loving Atmosphere	95	98
Cleanliness	93	97
Licensed by the State	81	92
Full-Time Hours	80	91
Hot Meals	66	90
Flexible Hours	62	90
Outdoor Play Area	60	88
On-going Teacher Training	57	85
Regular Parent Meetings	56	85
ABC's and Workbooks	50	77
Small Groups	46	81
Close to Work	46	74
Limited TV	46	72
Low Cost	45	71
Number of Toys	37	73

Least valued items included mainstreaming of disabled children, no television (as opposed to limited viewing), and payroll deduction.

It appears that the idea of a structured learning environment which includes workbooks is valued by many survey participants. Since it is generally agreed that a structured approach may be inappropriate to young children, parents (state employees) need to be educated about the value and appropriateness of a developmental curriculum. The issue of mainstreaming disabled children appears to need special emphasis as well.

Survey Comments

Several participants wrote comments:

> "I don't have any children, but would like to start a family and the availability of child care will be an important consideration in my decision."
>
> "Please--something like this is so needed. Please consider part-time and lots of teachers so groups stay small."
>
> "No children now, but would use service in the future, if available."

"I don't have children now but I feel that quality child care is needed for state employees."

"I think it would be a great service for state employees in downtown area - consider partnership with private company - maybe they would have space - we would provide other things."

"Children for mildly ill children could greatly reduce the need for family sick leave. Currently there is no facility in the Richmond area that will allow 'sick' children to attend, so one parent must stay with them. Such a benefit would be great for both preschool and school age children. I believe such would be greatly accepted as long as medical assistance ran in conjunction with this...."

"Infant care is highly desirable as there are very limited options. I feel parents are willing to pay more for infant care, if they are able. Charge more and offer scholarships for the needy. There is a great deal of talk at work about the need for day care at work. If it is to be done, it must be done well if it is to be supported by state workers. The State can cut corners on many things, but not children."

"While I certainly would be interested in a state-sponsored center near my office, and even if it does meet all the criteria noted [in the survey], I would not automatically sign up for such a center. My husband, my daughter, and I would have to visit the center and decide if that particular center is right for us...."

"If a day care (sic) should be provided in the future, possibly the fee could be based upon the parent(s) income. There are a lot of single parents who are trying to find quality day care facilities, but are so expensive and are not convenient to the place of residence or employment."

"...It is my hope that the Commonwealth of Virginia will be a frontrunner in recognizing the need for this very important service."

"Child care at close proximity to work is extremely desirable to parents and children. It is a plus for managers who would otherwise lose some of the parent-employees' productivity when parents are late for work or are pre-occupied with parental concerns about distant children. All gain by it, so lets do it soon. I wish I and my child could have benefited by it years ago (He's 14 now!), but as a parent and as a manager I know the need for it for the future."

"Children under six should be at home! All else is second best and a sad commentary in current lifestyles, necessary it should be as "home like" as possible. I think strengthening family life means paying primary bread winner for family enough to support a family with children at home."

"Wonderful."

"I have no children now, but such a program would make the decision to continue working full-time much more palatable."

"I struggled for years - this is a marvelous idea and may bring some excellent employees back to work."

"Thanks for considering this for state employees."

Summary

There is a definite need for child day care services for state employees in the Capitol Square area. It is clear that such a program would be supported by employees. It is possible, however, that the supply of children may well exceed the space available. If this is the case, then procedures must be developed to ensure that services are equitably provided. In addition, single parents and/or those with low incomes should be able to participate in a subsidy program which will pay for all or part of their children's care. The Department for Children advocates a socio-economic mix of children in a state government center.

The characteristics of a high quality program must be integral to the design and development of such a program. Parents want excellent quality care, and children have a right to such care.

APPENDIX D

Child Day Care Voucher Systems

State or Project: **ARIZONA**

Administered by: Department of Economic Security, Administration for Children, Youth and Family

Type of Program: This voucher program is a five-year pilot project that was implemented only in the northern half of the state. Parents may choose any licensed provider.

Eligibility: Eligibility may be determined programmatically (AFDC clients) or categorically (protective services, foster care, parents in training, and low-income eligible). To qualify according to economic status, the client must earn below 65 percent of the state median income.

Rate Setting: Rates paid are based on gross income, family size, and number of hours needed for care. Fees are determined by seven eligibility levels which require client co-payments for care.

Services: The Department offers no resource and referral service, but a computerized listing of providers is maintained by the Governor's Office for Children and is available to parents who call for referral assistance.

Pros: The program appears popular with clients and providers who have appreciated free choice of facilities.

Cons: A manual weekly reimbursement process has strained program staff, especially since the legislature has not appropriated additional funding for staffing or subsidies. Arizona is currently considering other methods of reimbursment for child day care.

State or Project: **CALIFORNIA**

Administered by: Department of Education; Department of Social Services

California, cont'd.

Type of Program: The California Department of Education contracts directly with 74 private, non-profit and public agencies which subcontract with child day care providers spending $274 million on a variety of child day care programs. An Alternative Payment Program (**APP**) spends an additional $26 million, offering vouchered child day care services through local level, non-profit, community agencies under contract to the Department of Education.

California's Greater Avenues for Independence (**GAIN**) welfare reform program offers vouchers for AFDC recipients who participate in its mandatory work program. The Department of Social Services expects to spend $118 million annually on child day care for working parents when the program becomes fully implemented in 1990.

Eligibility: **APP**--Must earn less than 84 percent of the state median income level, be employed, in training, or seeking employment or the children are at-risk for abuse and neglect.

GAIN--Must be an employed AFDC recipient or in a work-related program.

Rate Setting: **APP**--Uses a sliding fee scale. When family income reaches predetermined levels, the daily fees paid by parents begin at 50 cents and increase in small increments as family income approaches the state median.

GAIN--Providers are reimbursed the full fee charged to the public up to a maximum rate set in relation to the cost of child care in each locality.

Services: **APP**--Each county has at least one APP-funded child day care resource and referral agency offering information about choosing child day care, referrals to programs, and parenting information. In addition, technical assistance is given to child day care providers and recruitment efforts work to increase the supply of child day care.

California, cont'd.

GAIN--Child day care is emphasized as a service of the GAIN program. As a result, there are currently few support services for GAIN child day care providers except in localities which have combined the APP and GAIN programs.

Pros: **APP**--Low-income families have increased accessibility to private market day care programs. Rural areas have been able to increase the supply of family day care providers through the recruitment services. Funds for this program are adequate.

GAIN--This program encourages family self-sufficiency.

Cons: **APP**--Because of the array of agencies and providers, the State has found monitoring of program quality an increasingly difficult task.

GAIN--While the GAIN goals are ambitious, there is no program component to increase the supply of child day care providers for the increased number of children who will need care as a result of this program. Shortages of available space among licensed providers are already in evidence. Parents are encouraged to select the least expensive care possible. They are allowed (and even encouraged) to select self-care for their child or care that is unlicensed.

There is some indication that GAIN families, who must be employed to receive AFDC, are unaware of child day care subsidies and, therefore, they may choose to leave their children unattended. As a result, the GAIN approach saves money for the state in terms of child day care, but, it may place children at risk for neglect.

State or Project: **District of Columbia**

Administered by: Department of Human Services

Type of Program: In addition to contracting with centers for care, the District also operates an Alternative Payment Program (APP).

District of Columbia, cont'd.

Eligibility: Eligibility criteria follow those established by the District of Columbia Day Care Policy Act.

Rate Setting: Set by the City Council, rates differ based on the type of provider (center, family day care provider, etc.) and ages of children in care. Centers cannot receive more than the flat rate, but they are allowed to charge less.

Services: Resource and referral services are contracted from the Washington Child Development Council. Providers receive training in child abuse prevention by Department of Human Services personnel.

Pros: The program has proven cost-effective, flexible, and successful in meeting the demand for child day care, especially infant care.

Cons: Children in the APP program tend to receive care at less expensive centers which meet only minimum licensing requirements. Understaffing of the licensing programs also hampers quality assurance. Children in the contracted program may be assured greater quality since those centers must meet standards which are higher than minimum requirements.

State or Project: **City of Louisville/Jefferson County, Kentucky**

Administered by: Community Coordinated Child Care (4C)

Type of Program: This project utilizes $289,000 in local grants to fund this closed system voucher project.

Eligibility: Eligible families may earn up to 80 percent of the county median income, according to their family size. Parents must be employed or attending school or training. Eligibility is updated every three months.

Louisville, Kentucky, cont'd.

Rate Setting: A graduated fee scale, based on the parents' ability to pay, determines the amount 4C will reimburse for child day care. In FY 1986-87, 4C's monthly payments per child ranged from $1.00 to $120.00 (29-98 percent of the cost of care) while parents paid from $1.00 to $50.00 per month.

Services: Eligible families receive a list of licensed child day care facilities and family providers who have contracted to provide care for 4C clients. Frequent seminars are conducted for the business community regarding corporate-sponsored child day care.

Pros: The 4C program has facilitated care for nearly 200 families in the last year who are now working and contributing to the local economy. Subsidies have allowed parents to spend more of their money on basic needs such as food, clothing, shelter, and medical care. In FY 1986-87, 82 percent of the 197 enrolled families were single mothers relying on their income, rather than public assistance, to meet their families' needs.

Cons: A client survey recommended that the organization serve more families, use a fee scale based on net income rather than gross income, and monitor providers more closely to ensure better quality care. Additional funds are needed to adequately serve the population since limited funding has resulted in extensive waiting lists. Although a matching grant program has been designated by the mayor, 4C is not allowed to solicit funds.

A strong network of family day care homes is not available. Only licensed homes with five or more children are allowed to receive subsidies. This restricts parents from choosing small group settings for their children.

There is a reimbursement delay of 4 to 6 weeks, which places considerable stress on providers. Some centers experiencing cash flow problems have elected not to participate in the program.

State or Project: **Maryland**

Administered by: Department of Social Services (DSS)

Type of Program: DSS operates its voucher project in 12 of 21 jurisdictions. Parents are allowed to select any licensed or registered provider. State funds are allocated to local jurisdictions by a formula which considers the percentage of employed income-eligible residents, the percentage of households with incomes less than 40 percent of the median income, the percentage of households with incomes between 41 and 80 percent of the median income, and the percentage of AFDC children in each county.

Eligibility: County social services departments determine eligibility based on state-prescribed standards for financial need and service need. Income eligibility depends upon the family's gross income or on participation in certain state and federal welfare assistance programs. Parents may earn no more than 80 percent of the state median income to be considered. Service needs depend upon whether the parents are working full-time or part-time, are training full-time or part-time, are attending secondary or undergraduate school, or are seeking employment. In all cases, children in the protective service category receive first priority. Local offices must redetermine eligibility if there are significant changes in the family situation or at least every six months.

Rate Setting: For the voucher program, parents and child care providers negotiate any fee to be paid by the parent in combination with the local department's rate. Hourly and daily rates are available, and slightly higher rates are paid for infant care. Providers participating in the voucher program receive monthly invoices which they can return for payment. The county will pay for the scheduled days and hours of care, regardless of attendance. If a child is absent more than five days per month, the provider contacts the local department to arrange for payment to hold the space.

Maryland, Cont'd.

Services: Each county offers an information and referral system which usually consists of a computerized list of providers and their services. Brochures on quality child day care programs are available, as is counseling on the varying types of facilities.

The state processes information and keeps records with custom-designed software, Management Information System. The computerized information system has helped with processing and tracking applicants, facilitating access to information on children and providers, processing monthly invoices, assisting in day care workers' caseload management, and producing statistical reports to meet state and federal requirements.

Pros: Maryland's voucher program has provided many benefits for the state's overall purchase of care system. Computerized financial information affords the county daily accountability of funds. The state has turned quality control over to the parents who make the decisions regarding their children's care. Former contracted providers are now competing for patrons, contributing to a diverse market with a range of facility sizes, services, and locations. The efficient application process has also given parents quicker access to facilities, since they no longer must wait for an available slot in a particular facility. Finally, with one coupon per child being issued, authorization of service and method of payment has been simplified.

Cons: A strong provider lobby among those who contract with the State has resisted the voucher system program in several localities due to fears regarding competition. This means continued lengthy waiting lists and limited availability in those areas.

Rates are determined by the legislature. No changes in rates have been granted since 1983, and rates do not reflect the cost of care. As a result, some for-profit providers are reluctant to accept voucher clients.

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State or Project: **Montgomery County, Maryland/Working Parent Assistance Program (WPA)**

Administered by: Department of Family Resources

Type of Program: This project is a locally-funded program established to promote a self-sufficiency model. Clients are allowed free choice of any licensed or registered family provider and any licensed center-based care.

Eligibility: WPA eligibility criteria differ from other voucher programs in two substantial ways. Family composition, instead of family size, is used to lower minimum eligibility levels for single-parent families and for families with two or more children in need of day care. By basing the subsidy on economic need, determined by local living expenses and local advertised market child day care fees, the county provides more assistance for the poorest families -- especially those with the youngest children for whom care is typically more costly. To determine the size of the subsidy, standard taxes and minimum living expenses are deducted from the gross income to arrive at the amount available for care. The average cost of care is then subtracted to establish the need/care deficit. Multiplying the deficit by 90 percent, the county arrives at a subsidy level realistic to the area. As a further means of support, the county requires parents to pursue their child support payments as an additional income source.

In addition to these income guidelines, parents must meet working and training guidelines. Parents must complete a minimum of 30 hours per week of employment at minimum wage or better, or they may attend training or school. Participants completing their undergraduate degrees must take at least 12 credit hours per semester. Parents actively seeking jobs are also eligible to receive subsidies for a period limited to three months. Parents in training are eligible for up to two years, while working parents have an unlimited period of eligibility. (This encourages work subsidies rather than training

Montgomery County, Maryland, cont'd.

subsidies.) A corresponding requirement stipulates that the spouse or any other adult in the applicant's home must also meet one of these requirements or show proof of physical and/or mental incapacity to provide on-going child day care.

Rate Setting: During the investigation and documentation of eligibility, parents choose a provider and negotiate for services, hours of care and rates to be paid. All parents are required to pay a portion of the fee based on their eligibility level (see previous page). WPA pays the remainder up to a ceiling.

Services: Implementation of the WPA Program begins when parents apply through the county's Department of Family Resources and undergo an eligibility screening process. Staff are available to interview prospective clients at locations and times convenient for parents. The Department's business hours have been extended to accommodate parents' work schedules.

When parents first receive their subsidies, they must attend a "Parent Information Session" where they learn how to use their coupons properly. In addition, Montgomery County supports a community-wide child care information and referral service. WPA investigates complaints about providers immediately and mediates between participant and provider, if necessary.

Pros: One unique facet of the WPA is its simplified voucher. One carbonized form is utilized by all parties to the agreement. The coupon requires no complicated tallying of daily attendance by providers, although parents affirm their child's attendance on the voucher form. A set monthly rate guarantees the provider a relatively steady income that does not vary from month to month as systems which use daily rates do. This is very attractive to providers and encourages program participation. The administrative ease of the WPA coupon

Montgomery County, Maryland, cont'd.

also results in timely reimbursements to providers. The locally-determined eligibility levels and subsidy amounts are based on actual minimum living expenses and the real cost of care. Realistically-based eligibility levels enable the WPA to assist more local families in reaching self-sufficiency than the State Voucher Program does.

The Montgomery County government continues funding support for the program (approximately $1,000,000 this year) because it means greater financial returns to the County in terms of tax-paying citizens.

Cons: Due to the demand for the program and the WPA's strict rules for documenting eligibility, the program experiences a five to six weeks delay in the application process. Some limited emergency procedures are available to the participants, but WPA requires complete, comprehensive documentation for every client.

State or Project: **Massachusetts**

Administered by: Department of Social Services

Type of Program: The statewide Employment and Training (ET) Choices program administers the child day care subsidy program. It uses a combination of contracted providers and a separate voucher program. Interestingly enough, no voucher coupon is actually used by parents. Parents are allowed to choose any licensed or registered provider. The provider then contracts with the Department of Social Services for reimbursement by monthly billing. Massachusetts' child care subsidy program is an entitlement program which will spend approximately $34,000,000 for all types of child day care subsidies this year. The voucher program currently serves over 8,000 children each month.

Massachusetts, cont'd.

Eligibility: Eligibility is determined by the need for day care: 1) need is work-related and the family is on AFDC or SSI-DA or has an income below 70 percent of the state median income; or 2) the family is part of a supportive service plan for abused, neglected, or handicapped children.

Rate Setting: Parents are assessed fees for a portion of the child day care service, based on their ability to pay. A monthly cap of $175 for preschool care and $200 for infants is set by the legislature.

Services: The ET Choices Resource and Referral Service provides parents with counseling regarding quality care and selection of providers. In addition, providers are monitored to ensure quality, and training is offered to all providers. Recruitment of providers is another activity of the resource and referral service.

Pros: Because the Employment Training Choices program is an entitlement program, child care services are available to all eligible children in the Commonwealth. Parents in the program are beginning to take more control over the events of their lives by being allowed to make decisions about child day care. The voucher program has decreased the waiting time for beginning services. A comprehensive resource and referral program assists parents and providers in a supportive way that encourages quality care. A computerized system has assisted with the management of adminitrative duties at local and state levels.

Cons: Massachusetts has found it difficult to make timely reimbursements to providers due to the overwhelming demand for subsidies.

State or Project: **Hennepin County, Minnesota** (includes City of Minneapolis)

Administered by: Hennepin County Community Services Department

Hennepin County, Minnesota, cont'd.

Type of Program: Hennepin County, which includes the City of Minneapolis and many of its suburbs, manages a voucher day care program for a population of nearly one million. In 1983, the transition from contracted and slot-purchase systems to the voucher system was completed. Hennepin County instituted the voucher system as more women entered the work force, placing greater demands on constricted federal and state funding. The switch to a voucher system, it was hoped, would expand availability of care facilities, increase use of family day care homes, desegregate subsidized centers, and stimulate competition among providers. As of March, 1985, 1,782 licensed family day care homes and 158 licensed child care centers in the county were participating in the voucher system. State funding is approximately $25 million for the current biennium.

Eligibility: Child day care subsidies are available to families who meet certain financial and situational need criteria. Income eligibility is granted to clients who earn no more than 75 percent of the state median income. Situational need includes families eligible for AFDC. The Minnesota sliding fee schedule determines the amount parents pay for their child day care.

Applicants must verify that they are employed, seeking employment, or enrolled in a training program for the purpose of becoming self-sufficient. Financially-eligible clients may also receive child day care subsidies if they are completing high school or an undergraduate degree.

Rate Setting: Centers and family day care providers are contracted for up to a maximum rate of 125 percent and no less than 110 percent of the median rate for similar child day care services in the County.

Services: Hennepin County contracts with private agencies for computerized information and referral services. Additional resources, such as a brochure

Hennipin County, Minnesota, cont'd.

on quality child day care, are available to requesting parents. The county offers technical assistance to providers who want to participate in the voucher system.

Pros: An evaluation of the voucher project revealed that spaces for child day care were more available with the voucher program than when the County contracted for care. Parents were allowed greater choice and responsibility in selecting their child's day care. Because parents were allowed to choose, the demand for family day care increased. More family day care providers were recruited as a result. The voucher program generated greater geographic accessibility.

The county is now spending $8 million annually for child day care, but this cost is lower than providing direct day care services to children. The use of private providers allows children to be mainstreamed rather than segregated into centers for low-income families. Competition among providers has led to improved quality care. Clients receiving subsidies to obtain work have gained self-sufficiency.

Cons: Increased child day care availability resulted in greater demands for subsidies beyond the county's ability to provide. A freeze on intake has generated a waiting list of 2,000 children. Centers which previously contracted with the county have had to adjust their administrative procedures and provision of services or risk going out of business. Finally, the application and recertification processes have proven burdensome for parents requesting subsidies.

Two interesting issues surfaced during the Hennepin County consumer survey:

Hennipin County, Minnesota, cont'd.

1) "Almost everyone interviewed had trouble finding out (from County workers) about the existence of this program."*

2) About 80 percent of the respondents reported that county workers needed to be more positive and supportive during the application process.

*Final Report of the Hennepin County Grant Purchase of Child Day Care Through a Voucher System: An Evaluation and Use of Technology Transfer and Technical Assistance to Enhance Service Delivery, Hennepin County Community Services Department, 1985. p. 21.

As a result of this survey, Hennepin County is preparing several training options for social service workers to improve interdepartmental coordination of services and to deal with attitudinal problems.

State or Project: **Voucher Day Care Project, Hudson County, New Jersey**

Administered by: New Jersey Department of Human Services, Division of Youth and Family Services (DYFS)

Type of Program: The Voucher Day Care Project, which was a federal demonstration project, used a completely open-choice system. The client, in effect, served the system as the available day care recruiter within the county. (Centers outside Hudson County had to be licensed in order to receive subsidies.)

Eligibility: Eligibility is determined through an adaptation of the Title XX fee schedule, using pay stub verification of income. Priorities for subsidies are based on application dates. Redetermination of eligibility occurs biennially.

New Jersey, cont'd.

Rate Setting: A flat rate which was set at 75 percent of the contracted rates is determined for each voucher based on a sliding fee scale. The difference between the cost of care and the amount of the recipient's voucher is paid to the provider by the parent.

Services: The county provides information and referral services utilizing two filmstrips, a United States Department of Human Services pamphlet, and a DYFS listing of licensed private centers. In implementing the voucher project statewide, an orientation packet and training session were required in each locality.

Pros: The voucher system proved to be a cost-effective means of providing child day care subsidies. Child care providers are allowed advanced billing annd report receiving reimbursements within 3 1/2 weeks of submitting their bi-weekly voucher bill. The information and referral components were vital to the development of informed consumers. Residents in 9 out of 12 Hudson County municipalities had access to subsidized child day care **for the first time.** Fifty-nine percent of the participating day care centers were recruited by parents, while 100 percent of the family day care homes were recruited by parents.

Cons: There are **no** controls on the quality of care received by children. There are no support services for providers.

State or Project: **New York City, New York**

Administered by: Agency for Child Development, Department of Social Services

Type of Program: The New York City voucher program is one of many subsidy programs which utilize federal, state, and local funding sources. Primarily for working parents or those in training or looking for work, vouchers are now used for over 1400 children. Parents must choose day care services from a list of agency-approved providers. Fifty-one percent of the licensed child day care space available in the City is subsidized with public funds.

New York City, cont'd.

Eligibility: Two- or three-member families can earn no more than 140 percent of the state median income in order to be eligible. Families larger than three members must earn less than 115 percent of the state median income.

Rate Setting: The agency pays the advertised market rate of any provider up to a maximum of $97.25 per week. Parents pay a part of the fee based on their income.

Services: Resource and referral services are available from the Agency for Child Development. A new computerized information system has enabled the city to maintain up-to-date information on vacancy rates for all publicly-subsidized child day care spaces. Approved providers must be licensed and meet additional standards of quality. Additional training is given to providers by the agency. Large scale recruiting efforts are being planned.

Pros: Vouchers allow the agency flexibility in utilizing child day care slots where they are available rather than being tied to specific programs in specific neighborhoods.

Cons: Quality control is a major problem for the city voucher program as it does not have enough staff to monitor private providers. Parent complaint is the main method for monitoring programs outside of the annual assessment for program participation. Another problem is in the paper intensive nature of this particular voucher system. More administrative staff are required to manage voucher documents, and currently, the program is manually operated. Sophisticated automation will now be required. Because of the administrative detail required, New York does not plan to expand voucher subsidies beyond 2000 children.

State or Project: **Westchester, New York**

Administered by: New York Child Care Council

Westchester, New York, cont'd.

Type of Program: The Council is a non-profit organization contracted with by the New York Department of Social Services. This closed voucher system allows parental choice from among contracted providers only.

Eligibility: The Council determines eligibility on the basis of gross family income and family size. Clients can earn no more than 115 percent of the state median income or no more than 273 percent of the federal poverty level.

Rate Setting: The Council pays flat rates for care given to children in two age groups (0 to 3, 3 to 5). A sliding fee schedule determines the clients' co-payment. Parents are required to contribute a minimum of $2.00 toward their child care bill.

Services: The Council offers an intense training and support program for its contracted providers. Staff make regular site visits and are engaged in an extensive provider recruitment program.

Pros: Vouchers have returned the responsibility for provision of child day care to the private sector, saving county and state administrative costs. Since the Council is also an advocacy organization, administering the program permits the organization to utilize its database of information on children in day care to promote appropriate public policies and to plan future programs and services. Training and support services have improved the quality of family day care homes.

Cons: Due to the low unemployment rate in the area, many day care centers cannot maintain qualified, trained staff. A subsequent decline in the quality of day care centers has been noted.

This particular voucher program may be too lax from an auditing perspective. Recommendations for the future include requiring providers to submit monthly attendance reports so the Council can monitor each provider's administrative procedures.

State or Project: **Oklahoma**

Administered by: Department of Human Services

Type of Program: This voucher program provides 30-day authorization for job search applicants by AFDC clients who receive authorization for a specified rate and hours.

Eligibility: Only AFDC-eligible clients are to be served in this program. Participants must submit time sheets and a job lead list to receive continued assistance.

Rate Setting: Flat rates are locally established.

Services: County offices offer information and referral services, but contract with private, non-profit organizations for provider training.

Pros: By directly reimbursing the provider, the state could easily monitor the standardized cost of care.

Cons: Though implemented in 1986, the program has yet to assist any applicants, most likely due to inadequate staff training and outreach.

State or Project: **Pennsylvania**

Administered by: Community Services for Children (CSC)

Type of Program: CSC is a private, non-profit organization contracted with by Lehigh County and the Commonwealth of Pennsylvania to operate three child day care assistance programs for a region of fifteen counties, for the City of Allentown, and for Lehigh County. The Regional Program includes a number of "latchkey" contracts for school-age children who need child day care in a location outside their county of residence. The Allentown Program has been funded by a community development block grant to provide emergency day care subsidies for up to six children per month for periods no longer than three months, while they wait for an opening in one of the other programs. The

Pennsylvania, cont'd.

third subsidy program is for Lehigh County residents only. All three programs use service authorization cards ("credit cards") imprinted with a client number and a card number in place of a voucher. The parental choice system is open only to CSC approved providers.

Eligibility: Eligibility standards correlate to Title XX income levels. Parents must work or attend training.

Rate Setting: The state sets maximum rates to be paid. The CSC program pays maximum rates that are 8 percent less than state rates. Reimbursements are based on provider-set advertised market rates, up to a maximum level. Co-payments by clients are based on a sliding fee scale that ranges from $0 to $20.00 per month.

Services: Information and referral services are offered by mail or by phone. CSC also provides some personal outreach to recruit families which might need child day care assistance. Eligible clients receive a brochure, a handbook of services, and regular "quality bulletins" as part of the resource program. The CSC staff conducts annual site visits in addition to those made by the Department of Public Welfare, and they investigate complaints regularly. The organization also trains providers in a variety of topics during four scheduled sessions. Monthly meetings with providers facilitate continuous evaluation of the program.

Pros: CSC's voucher programs offer low-income families a variety of child day care options in many convenient locations. In addition to meeting immediate needs, these subsidies have the added benefit of saving parents money which can be utilized for various other necessities. By cutting the maximum reimbursement rate, the program has helped more clients than originally anticipated.

Pensylvania, cont'd.

Cons: Because of the lower fees and increased demand, CSC must constantly look for new providers who will accept children regardless of socio-economic level. The current program may be too complicated for rural counties where not enough providers are available. In urban areas, the number of facilities has overwhelmed the monitoring responsibilities of CSC staff.

State or Project: **South Dakota**

Administered by: Department of Social Services, Office for Children, Youth and Family Services

Type of Program: The South Dakota program uses the voucher very differently from most programs. Child day care payments are paid directly to parents. Parents and the provider of their choice must then sign a receipt for payment for child day care services. This becomes the voucher which is turned in to the state to verify expenditures.

Eligibility: Only AFDC-eligible clients receive child day care assistance funds.

Rate Setting: WIN grant funds are utilized for this project. The grant provides for care at a cost of $1.00 to $1.25 per hour or at the prevailing rate, whichever is less, up to $160 per month.

Pros: The direct payment system encourages parents to learn how to manage their money wisely, promoting self-sufficiency and self-worth.

Cons: AFDC parents must usually choose the least expensive care since their incomes are so low. This may mean that children are receiving poor quality care. As a consequence, the state may be later forced to make greater expenditures in terms of educational remediation, correctional costs related to crime, teenage pregnancy, etc.

The direct payment program may be vulnerable to fraud. The state must intervene to ensure that the client complies with the program if payments are not made to providers in a timely manner.

State or Project: **Alexandria Day Care Subsidy Program, Alexandria, Virginia**

Administered by: Alexandria Child Care Office (ACCO)

Type of Program: ACCO uses local funds and funds from Virginia's Child Day Care Fee System Program for its voucher project. It is an open system limited to licensed or certified providers.

Eligibility: Parents must be working, in school, or in training for employment a minimum of 32 hours per week. Total family gross monthly income must not exceed the following limits:

Family Size	2	3	4	5	6	7	8
Income	$1138	1406	1674	1942	2210	2260	2310

Rate Setting: The family pays one day care fee for all children in day care. The fee is calculated at 10 percent of the family's gross monthly income for families of up to four related persons. For a family of five or more, the fee is 5 percent of gross monthly income. The subsidy program pays the remainder of the child day care costs or the full cost of care, whichever is less, up to a total fee of $250 per child per month for a family day care provider or $265 per child per month for center care. The subsidy program will not pay a higher rate for child day care than is normally charged to the public by the provider.

Services: Resource and referral services are available for parents. ACCO also provides training for providers and is encouraging centers to become nationally accredited. Registered and certified homes receive on-site visits.

Pros: Vouchers are used as a tool to help simplify explanations of the program. It is a useful way to coordinate communication between care providers and the subsidy program.

Cons: More paperwork is required as a result of the program, but no administrative funds are available. Funds are insufficient in terms of the increasing demand.

State or Project: **Washington** (State)

Administered by: Department of Social and Health Services

Type of Program: Washington has adopted a "modified voucher" plan. No voucher coupon is issued, although families are allowed to choose any licensed provider. Once selected, the state sends an authorization form and invoices directly to the provider.

Eligibility: Families must earn no more than 52 percent of the state median income.

Rate Setting: For parents earning less than 38 percent of the median income, the state pays 100 percent of the subsidy rate. Families earning between 38 percent and 52 percent of median income receive a 50 percent subsidy rate. The statewide flat rates differ by age of child but do not vary by type of provider (family or center). Rates do increase proportionately every legislative session.

Services: Using a federal dependent care assistance grant, Washington is developing a network for information and referral services and is hiring a child care services coordinator. At least one county already has its own resource and referral service. In addition to offering training at thirty-four vocational, technical, and community colleges, Washington uses various media to teach staff hiring techniques.

Pros: The modified voucher program has proven to be an efficient payment method affording parents the opportunity to make an informed choice of child day care facilities.

Cons: Lack of support services for monitoring quality may lead to poorer quality care. Significant differences between the state's flat rates and the actual cost of care have limited the program's effectiveness in recruiting providers in some localities.

APPENDIX E

Footnotes

[1]Gwen Morgan, "Child Care Connections," unpublished report, 1983.

[2]Ibid, p. 13.

3Ibid, p. 13-14.

[4]Marvin G. Kline, "Generic Information and Referral and Specialized Child Care Informaton and Referral," p. 14-15.

[5]Virginia Department of Economic Development, 1987.

6John R. Berrueta-Clement, Lawrence J. Scheveinhart, W. Steven Barnett, Ann S. Epstein, and David P. Weikert, Changed Lives: The Effects of the Perry Preschool Program on Youths Through Age 19, High/Scope Educational Research Foundation: Ypsilanti, Michigan, 1984.

7"Council Model for CDA Training and Assessment," NAEYC, 1986.

8A"Status and Salaries of our Profession," Young Children, NAEYC, 38:3, pp. 18-19.

8B"The National Day Care Home Study: Family Day Care in the U.S.," Young Children, NAEYC, 37:4, pp. 59-66.

8C"Who Are the Child Care Workers? The Search for Answers," Young Children, NAEYC 41:4, pp. 14-25.

[9]"NAEYC Position Statement on Nomenclature, Salaries, Benefits and the Status of the Early Childhood Profession," NAEYC: Washington, DC, 1984.

[10]"Early Childhood Job Titles: One Step Toward Professional Status," Young Children, NAEYC, 37:6, pp. 13-22.

APPENDIX F

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